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DAILY REPORT

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FORMER MOSCOW ENVOY URGES TOUGH STANCE WITH USSR

OW071205 Tokyo KYODO in English 1142 GMT 7 Aug 84

[Text] Tokyo, Aug 7 KYODO -- Former Japanese Ambassador to Moscow Masuo Takashima said here Tuesday Japan should not budge "even an inch" from its policy demanding the return of four small islands off Hokkaido, which have been occupied by the Soviet Union since the end of World War II.

"The Soviet Union will only look down on us if we change the policy we believe righteous," Takashima said in a speech at the Japan National Press Club. "I can't say when, but I'm certain that (the territorial) issue will be settled eventually."

Soviet leaders have rejected Japan's territorial claim over Kunashiri, Etorofu, Habomai and Shikotan Islands, saying it has been already resolved. The four islands are located only miles off Japan's northernmost major island of Hokkaido.

The former envoy said the Soviet Union is "totally unreasonable" in turning down Japan's territorial sovereignty over the four islands.

Takashima was recently replaced by Yoshie Katori as Japan's ambassador to Moscow after 27 months of service in the Soviet capital. "All I did there was try to prevent Japan-Soviet relations from worsening further," Takashima said during the one-hour speech. Soviets should stop attacking what they call Japan's "militarism," and Japanese should discard their "sentimental, groundless anti-Soviet feelings" if they want to improve their ties, Takashima said. "If I were Soviet Foreign Minister Andrey Gromyko, I wouldn't want to visit Tokyo (because of anti-Soviet Japanese sentiments)," the senior diplomat said. Gromyko has so far declined the Japanese Government's invitation to visit Tokyo, saying conditions for such a trip are "premature."

Saying Japan-Soviet ties are set in a larger framework of East-West relations, Takashima described as "difficult" Tokyo's independent efforts to improve ties with Moscow.

Referring to U.S. diplomacy toward the Soviet Union, Takashima said President Ronald Reagan will only create Soviet distrust of his administration by looking at the Communist superpower as "the source of evil."

"When the West regards the Soviet Union as a military threat, the Soviet Union looks at the United States and Japan as military threats," Takashima added. He predicted diplomatic movements from the Soviet Union even if Reagan is reelected as president in the November election.

"I think the Soviet Union cannot afford to go without contact with the United States for another four years only because the Kremlin does not like President Reagan," Takashima said.

DIET HAGGLING CONTINUES AS SESSION NEARS CLOSE

OW071229 Tokyo KYODO in English 1216 GMT 7 Aug 84

[Text] Tokyo, Aug 7 KYODO -- With only one day to go before the current Diet session ends, the ruling and opposition parties Tuesday continued haggling over whether to approve bills to reform the Nippon Telegraph and Telephone Public Corp (NTT), the last remaining important bills.

Political sources said although the two sides will continue bargaining until late Tuesday night, no compromise can be expected, eventually leaving the bills to the next Diet session.

Prime Minister Yasuhiro Nakasone Tuesday afternoon hastily called his top aides to his office and ordered their maximum efforts to have the bills cleared through the House of Councillors before the end of the session Wednesday.

Political sources reported some of his aides advocated another extension of the Diet session by three months to deliberate the bills. The present Diet session was originally scheduled to end in May but was extended until August 6 for these and other important bills upon which rests the political fate of Nakasone who is to seek his reelection as president of the Liberal-Democratic Party in November.

Two other important bills -- one to set up an ad hoc advisory council to advise Nakasone on educational reform and the other to revise the health insurance law -- have already been cleared through the Diet.

The main opposition Japan Socialist Party, Komeito and the Japan Communist Party are demanding more modifications in the NTT bills and asking the ruling party to agree to carry them over to the next Diet session.

OFFICIAL AID TO DEVELOPING NATIONS INCREASES

OW080045 Tokyo KYODO in English 0002 GMT 8 Aug 84

[Text] Tokyo, Aug 8 KYODO -- Japan's Official Development Assistance (ODA) to developing nations in 1983 increased by 738 million dollars, 24.4 percent to 3.76 billion dollars from the previous year, the government said Tuesday.

As a result, a net increase in the total flow of financial resources from Japan to developing nations declined by only 2.5 percent to 8.66 billion dollars -- a substantial improvement from a 28.3 percent drop in 1982.

ODA accounted for 43 percent of the total last year. But the ratio of the total flows to the gross national product (GNP) -- total of goods and services produced -- fell to 0.75 percent from 0.84 percent in 1982. The sharp rise in ODA was attributed to a 103.6 percent surge in investments and contributions to international organizations, such as the Asian Development Bank and the International Development Association (IDA), commonly known as the Second World Bank. ODA's ratio to the GNP rose to 0.33 percent -- the highest in 10 years, the government said. Loans to international organizations other than ODA also soared by 50.6 percent to 2.26 billion dollars.

Export credits of one year or longer continued stagnant because of accumulated debts in developing countries. Those extended by the governmental Japan Export-Import Bank posted a net increase of 472 million dollars, but this was a decline of 44.4 percent from 1982. Export credits by private financial institutions registered a new inflow of 2.07 billion dollars -- up from 1.76 billion dollars the previous year.

Overseas loans by Japanese banks showed a sizable decrease to 1.73 billion dollars from the previous year's 2.41 billion dollars as banks became more choosy in lending and debtor countries moderated their borrowing pace in the interests of fiscal soundness.

Direct investments abroad by the Export-Import Bank and other Japanese banks also declined by 23.8 percent to 1.87 billion dollars because of a rise in recovered investments, although new investments were nearly the same as in 1982.

MORE GOVERNMENT FUNDS FOR RESEARCH ADVOCATED

OW071255 Tokyo KYODO in English 1243 GMT 7 Aug 84

[Text] Tokyo, Aug 7 KYODO -- An advisory body to the director-general of the Agency of Industrial Science and Technology Tuesday called for upping the ratio of the government's contribution to the nation's total research and development expenses to 30 percent in the immediate future and eventually to about 40 percent -- the same as in the United States and Western Europe -- around 1990.

The proposal by a study group on the perspective of technological development was contained in a recommendation about a medium- and long-term policy for technological development as a prime mover for increasing Japan's economic viability. The government's contribution to R and D expenses now stands at 25.5 percent.

The group noted that although Japan has achieved or surpassed the level of the U.S. and Western European nations in mass production techniques, it is still inferior in basic technologies which require creativity. Japan, therefore, should place priority on developing high technologies, such as electronics, new materials and biotechnology, which will form the basis of new industries, the group said. It also called for boosting the ratio of the total R and D expenses to Gross National Product (GNP) up to 3 percent by the end of the 1980's.

Specific policies recommended by the group include the creation of a special account aimed at increasing government appropriations for R and D and a new fiscal system for guaranteeing R and D investment by private enterprises through subsidies, loans and tax breaks.

It also called for improving the system for private enterprises to entrust R and D to state-run research institutes, establishing an authoritative body for testing and evaluating new technologies and enhancing the efficiency of technological development through closer cooperation among the government, universities and industries. Also requested was stepped-up cooperation in international research efforts, including acceptance of foreign researchers.

The agency and the Ministry of International Trade and Industry (MITI) intend to have as many of the recommended measures as possible incorporated into the government's budget from the next fiscal year.

JSP'S ISHIBASHI TO VISIT DPRK 18-22 SEP

OW080937 Tokyo KYODO in English 0916 GMT 8 Aug 84

[Text] Tokyo, Aug 8 KYODO -- Masashi Ishibashi, chairman of the major opposition Japan Socialist Party (JSP), will visit North Korea September 18-22 for talks with President Kim Il-song and other Pyongyang leaders, the party announced Wednesday.

A party spokesman said Ishibashi will visit Pyongyang at the invitation of the Workers Party. He will leave on September 17 for Beijing where he will stay overnight before heading for the North Korean capital.

Ishibashi's departure comes after the state visit to Japan by South Korean President Chon Tu-hwan early in September.

The JSP maintains close relations with North Korea with which Japan has no diplomatic relations.

VRPR PROGRAM COMPARES KOREAN, GERMAN DIVISION

SK070740 (Clandestine) Voice of the RPR in Korean to South Korea 0300 GMT 30 Jul 84

["Reunification Plaza" regular feature program: Article by a certain Kim, resident of Mansok-dong, Inchon City, "Our Nation Cannot Be Divided Into Two"]

[Text] Today, nothing is more urgent for our nation than ending the tragic state of division, and nothing is more important than the question of reunifying the divided fatherland. Ending the history of the nation's division, which has been imposed by the Yankee aggressors, and achieving the reunification of the fatherland are our people's unanimous desire.

Nevertheless, the Chon Tu-hwan puppet clique is becoming more and more frantic in perpetuating the division of our country as two Koreas, like East and West Germany, while defaming the North's most realistic and patriotic proposal for tripartite talks as a false peace offensive.

Meeting with the Portuguese foreign minister on 15 June, Foreign Minister Yi Won-kyong begged him to exercise influence for peaceful coexistence between North and South Korea, as is the case with East and West Germany. In addition, Unification Minister Son Chae-sik visited West Germany on 20 June to study coexistence between East and West Germany.

What is the nature of East-West Germany coexistence about which they clamor? It is nothing more than a way of perpetuating division. It is to continue the division of our country as two Koreas, like East and West Germany. Indeed, this is the nation-selling traitors' most outrageous act.

Our country is fundamentally different from Germany, which was divided after being defeated in a war of aggression of its own making. Germany was divided after being placed under the domination and control of the Allied forces in the wake of its defeat in the Second World War, which it ignited in order to bring the world under its control. Since November 1972, in accordance with the result of the negotiations among the Allied countries controlling it and in accordance with the agreement between the Governments of East and West Germany, its division has been perpetuated after simultaneous entry into the United Nations as two states.

However, our country ignited no war of aggression and was not defeated in war. Until the end of World War II, our country was a colony of the Japanese imperialists, and our nation won victory in its anti-Japanese struggle. Therefore, our country was not supposed to be placed under the surveillance or control of other countries, as was the case with Germany, a defeated country, and there was absolutely no reason for our country to be divided.

The present division of our country is due to the interference of the U.S. imperialists and their occupation of South Korea.

For peace on the Korean peninsula and Asia, the division of our country must not continue. Historically, Germany was where world wars started. Therefore, if Germany were unified as a single state and took the road of militarism and rearmament, it would pose a great threat to its neighboring countries and to world peace. Accordingly, the continued division of Germany will, instead, prevent the militarization of Germany and help guarantee Germany's own security and defend the security of Europe and the world peace. This is why Germany's neighbors, as well as the Germans themselves, desire the continued division of Germany.

However, the situation is entirely different in case of our country. In our case, it will be impossible to end military confrontation between the North and the South and to eliminate the danger of war from the Korean peninsula if division continues. In addition, it will also pose a great threat to the peace of Asia and the world.

History tells us that our country has never waged an aggression against another country or has ever threatened neighboring countries. Even if our country were reunified, it would pose no threat against other countries. Therefore, our people and consistent world opinion desire the reunification of the Korean peninsula. Thus, the problem of our country is political in nature, which is fundamentally different from that of Germany.

The division of our country is very unjust from an historical point of view as well. In the case of Germany, the composition of the nation is diverse, relations among the races are complex, showing complexity in such aspects as lineage, language, customs, life styles, and cultural heritage. In contrast, our nation is a single race of the purest lineage inherited from the same forefather and has lived in the same land for thousands of years, using the same language, developing a unique national heritage. Our nation, therefore, has a nation-loving spirit stronger than any other, as well as a strong spirit that opposes division and aspires for reunification. Historically, there have been few nations in the world that have lived happily in a unified land like our country.

Germany, however, is a country which consisted of 38 (?small countries) until recent times and was formed into a unified country by Prussia only about 100 years ago. But it still has a deep-rooted tradition of decentralization of power. Accordingly, they do not feel the pain, as we do, at having to live in a divided nation and do not take it seriously enough.

There are few nations like ours with fellow countrymen that are of a single race, have lived in the same land for thousands of years, and have lived in a unified country for 1,000 plus years. The heroic uprisers of Kwangju in May 1980, while dying from bloody wounds, exclaimed that they desired reunification and that only reunification was the way to survival. This well proves how strong is the aspiration of our nation for reunification. Our nation should not remain divided. Our country should be reunified.

In spite of this, the Chon Tu-hwan military hooligan ring is maneuvering to divide our land and nation like East and West Germany. This is a treacherous scheme that should not be tolerated. Under present circumstances, where the danger of war is increasing because of the Yankees and their stooges' new war provocation maneuvers, the realistic and reasonable way to realize the independent and peaceful reunification of the Korean peninsula is to hold the North-proposed tripartite talks soon. The South Korean and U.S. authorities should not talk about an East-West Germany-type solution, but should show a sincere attitude toward the proposal for tripartite talks.

I think that if they continue to adhere to splittist maneuvers as they do now, they will not escape the strong condemnation and stern trial of the masses.

SOUTHWARD INVASION CLAMOR CALLED 'SMOKESCREEN'

SK071044 Pyongyang KCNA in English 1037 GMT 7 Aug 84

[Text] Pyongyang August 7 (KCNA) -- MINJU CHOSON today comments on the fact that some time ago the South Korean puppet defence minister claimed that the North set "the 80's as a period for the execution of its strategy towards the South" and the puppet home ministry cried that "the period till 1988 is a period when the possibility of southward invasion by the North will be greatest and this year its climax."

Noting that earlier the traitor Chon Tu-hwan cried what they should "guard against most" is "the provocation of the North aimed at stifling South Korea's right to existence", the author of the commentary says: The puppets' clamourings about the "danger in the 80's" is a variation of "threat of southward invasion" they talked about each time an opportunity arose and a groundless allocation. At this very moment when the puppets are shouting themselves hoarse as never before about "threat of southward invasion" as if some big trouble would occur right now, our working people are creating new innovations and miracles in socialist construction and big monumental creations of eternal value are rising in all parts of the country.

As stark facts show, the threat of aggression actually existing on the Korean peninsula is not "threat" from the North but threat from the South and clouds of war are gathering over the land due to the U.S. imperialists and the South Korean puppets.

In clamouring about fictitious "threat of southward invasion" the puppets try to cover up their arms buildup and military provocations which increase tension on the Korean peninsula. Their talk about "danger in the 80's" is a deceptive slogan for bolstering up the military fascist rule in a predicament.

Now the Chon Tu-hwan group is intensifying the suppression of the people on the one hand and resorting to placatory tricks on the other to smoothly conclude the scheduled tour of Japan and the puppet National Assembly elections.

Although the South Korean puppets are working overtime to incite the consciousness of North-South confrontation among the people and spur on war preparations under the pretext of "threat of southward invasion" and hasten the fascistisation of society, things will not go on as they wish.

MINJU CHOSON LINKS KIM ARTICLE, TRIPARTITE TALKS

SK071524 Pyongyang KCNA in English 1509 GMT 7 Aug 84

[Text] Pyongyang August 7 (KCNA) -- MINJU CHOSON today dedicates an article to the 13th anniversary of the publication of "The Common Struggle of the Revolutionary Peoples of Asia Against U.S. Imperialism Will Surely Win Victory," an immortal classic work of the great leader Comrade Kim Il-song.

The policy of wide-range negotiations between the North and South put forward in this work by the great leader was a chuche-based policy of reunification to reunify the country by the efforts of our nation in conformity with the will and interests of the entire Korean people and an epochal national-salvation step for terminating at an early date the tragedy caused by the split of the nation, the article says. It continues:

Thanks to Comrade Kim Il-song's policy, a breakthrough was made in the wall of national division, political talks between the North and South were arranged and the North-South joint statement whose keynote is the three principles of national reunification -- independence, peace, great national unity -- was issued. This was vivid proof of the validity of the policy of Comrade Kim Il-song and a precious success of our people in the struggle for national reunification.

The developments for the last 13 years since Comrade Kim Il-song delivered the historic August 6 speech are a clear indication that as long as the U.S. imperialists keep occupying South Korea and the colonial fascist rule of the U.S. imperialists and the South Korean puppet clique remains intact, it is impossible to make South Korean society independent and democratic and to achieve a durable peace in the country and its peaceful reunification.

The proposal on holding tripartite talks between the DPRK, the United States and the South Korean authorities we advanced early this year is a very reasonable and realistic one for opening a new phase for peace in Korea and for her peaceful reunification. But, the U.S. imperialists and the South Korean authorities are refusing to accept our proposal for tripartite talks, seeking a nuclear war and leading the situation on the Korean peninsula to an extreme pitch of strain. Their reckless moves only betray their bellicose and splitist nature.

The U.S. imperialists must renounce the anachronistic "policy of strength" and accept our proposal for tripartite talks and withdraw at once all their aggression forces from South Korea as demanded by the entire Korean people and the world's peaceloving people.

REPORTAGE ON PREMIER KANG SONG-SAN'S PRC VISIT

Zhao Ziyang Banquet Speech

SK080524 Pyongyang Domestic Service in Korean 1200 GMT 6 Aug 84

[Speech by PRC Premier Zhao Ziyang at the banquet which he hosted at the Great Hall of the People in Beijing on the evening of 5 August in honor of visiting DPRK Premier Kang Song-san -- read by announcer]

[Text] Respected Premier Comrade Kang Song-san; respected Korean comrades; comrades: We consider it a great honor that Comrade Kang Song-san, after being honorably appointed the premier of the DPRK State Administration Council, is paying an official good-will visit to our country in his first foreign visit representing his government. The current visit to our country by comrade premier once again shows how the WPK and the Korean Government value the Korea-China friendship, and is a great encouragement for the Chinese people.

Availing myself of this opportunity, I, representing the Chinese Government and people, warmly welcome Comrade Premier and other Korean comrades accompanying him, and extend warm greetings to you.

In December 1981, I visited your beautiful country with pleasure and was accorded a warm welcome and cordial hospitality by the WPK, and the government and people of Korea. The Korean people's genuine fraternal friendship toward the Chinese people is still vivid in my memory.

In recent years, the party and government leaders of our two countries made several mutual visits and constantly developed and strengthened the deep and close friendship established between the two peoples in the protracted common struggle. Some time ago, General Secretary Hu Yaobang had a cordial meeting and talks with President Kim Il-song during his Korean visit. This marked another important step forward in the development of friendship and cooperation between the two countries and opened a broader prospect for the development of the great Sino-Korean friendship.

We are convinced that Premier Kang Song-san's current visit will make a new contribution toward further developing friendship and cohesion between China and Korea.

We are following, with reverence and joy, the energetic development of the socialist construction cause in the DPRK and the continued new successes of the industrious and resourceful Korean people on various fronts. Korea, which was once poor and backward, has now turned into a socialist country with modernized industry and agriculture and with developed science and culture.

The DPRK is pursuing a foreign policy of independence and sovereignty and working for the development of friendly and cooperative relations with peoples of many countries.

Not long ago, President Kim Il-song paid a visit to the Soviet Union and East European countries as the head of the party and state delegation and scored satisfactory success and deepened the friendship and cooperation between the Korean people and the peoples of these countries.

Today, the fraternal Korean people under the wise leadership of the WPK and President Kim Il-song are making strenuous efforts to fulfill the Second 7-Year Plan and actively develop external relations, upholding the decision of the 9th plenary meeting of the 6th Central Committee of the party. We sincerely hope that you will build your country into a more prosperous one by achieving new and greater successes.

It is the national desire not only of the Korean people, but also of the Chinese people and peace-loving peoples of many countries, to ease tension on the Korean peninsula and achieve the peaceful reunification of the North and the South of Korea. To attain this noble goal, the WPK and the Government of Korea have made steady efforts and put forward a proposal on instituting a confederal system for the country's reunification.

In particular, the proposal on holding tripartite talks with the South of Korea and the United States, advanced early this year, is enjoying sympathy and support from broad segments of people of various countries. It is another expression of the sincere desire of the WPK and the Government of Korea to ease tension and reunify the country through peaceful negotiations.

The Chinese Government actively supports and considers such reasonable proposals and assertions to be a realistic way to prevent the aggravation of present conditions and solve the Korean problem.

This afternoon, in a very sincere and friendly atmosphere, I shared views with the comrade premier on further developing the friendly and cooperative relations between the two countries and on other questions of common concern. This is very profitable for deepening the traditional friendship and bilateral cooperation between the two countries.

The close relations of mutual respect and support, and of equality and friendship between the two parties and two countries of China and Korea, are based on Marxism-Leninism and proletarian internationalism. To consistently develop and strengthen the fraternal relations of friendship and cooperation between China and Korea not only accords with the fundamental interests of our two peoples but also helps the peace and security in Northeast Asia and the rest of Asia. Our party and government will, as ever, make all possible efforts toward this end.

Finally, I propose a toast to the great friendship and cohesion between the two parties, countries, and peoples of China and Korea; to the prosperity and development of the DPRK; to the good health and longevity of Comrade President Kim Il-song, the great leader of the Korean people and intimate friend of the Chinese people; to the good health of respected Comrade Secretary Kim Chong-il; to the good health of Premier Kang Song-san; to the good health of all Korean comrades accompanying him, and of Comrade Ambassador Sin In-ha; and to the good health of all Korean and Chinese comrades present here.

Kang Song-san's Address

SK080755 Pyongyang Domestic Service in Korean 1200 GMT 6 Aug 84

[Speech by KPRK Premier Kang Song-san at the banquet hosted in his honor by PRC Premier Zhao Ziyang at the Great Hall of the People in Beijing on the evening of 5 August -- read by announcer]

[Text] Respected Premier Comrade Zhao Ziyang; dear Chinese comrades:

We are very pleased with the fact that we, while visiting China, our fraternal neighboring country, have gladly met with Premier Zhao Ziyang and other intimate Chinese comrades-in-arms and are present at this splendid place brimming over with warm friendship.

Availing myself of this opportunity, I express deep thanks for the warm reception and cordial welcome extended to us in the fashion of blood brothers, and for the good speech which respected Premier Comrade Zhao Ziyang has just made. In addition, I convey the warm greetings which the Korean people send to the fraternal Chinese people.

The Korean and Chinese peoples are comrades-in-arms who have shared their lives and blood in the common struggle against imperialism; revolutionary comrades who are advancing hand in hand for the victory of the cause of socialism and communism, the common ideal; and close brothers who have gone shoulder to shoulder through hardships and difficulties, living harmoniously together for long years with a river in between.

The history of the friendship between the peoples of Korea and China has been filled with moving facts and beautiful stories about the joint traversing of the rugged road of revolution and mutual assistance and support. In times of difficulty or times of joy, the two parties, governments, and peoples of Korea and China have always shared their destinies and, in response to the situation, have devoted themselves to supporting and encouraging each other.

While engaged in this, the peoples of Korea and China have fully proved that they are the truest revolutionary comrades who will forever share joys and sorrows and advance together along the road of decisive battle and over the hills of difficulties.

Today Korea-China friendship is coming into bloom so beautifully, because Comrade Kim Il-song, the respected and beloved leader of our people, and Comrades Hu Yaobang and Deng Xiaoping, the respected leading cadres of the Chinese people, are carefully tending the flower garden of friendship. The leaders of our countries have deepened fraternity and trust, coming and going frequently, irrespective of diplomatic practice and formality. This excellent tradition is carried forward with each passing year. Even at this moment, what is vivid in our memories are the joyful expressions of our people who extended a warm reception and welcome to respected Comrade Hu Yaobang last May along the several thousand-ri road from Pyongyang to Chongjin, and the cheers and warm welcome extended by the Chinese brothers at the time of the visits to China by respected and beloved leader Comrade Kim Il-song and Comrade Kim Chong-il, member of the Political Bureau Presidium and secretary of the Party's Central Committee.

The echoes of such cheers vigorously rung through the mountains and rivers of Korea and China, and were a magnificent display of the invincible might of the great Korea-China friendship.

The fraternal friendship established between the Korean and Chinese peoples is a precious friendship linked with the inseparable lips-and-teeth relationship and indestructible ties of kinship; a solid invincible friendship which nothing can break, not shaking under any adversity; and a true communist and comradely friendship involving true mutual help and trust.

To develop and cement forever the great Korea-China friendship which has an historical tradition of more than half a century, is our party's general policy and the unshakable will and faith of our people. Our people will make every effort to strengthen and develop the traditional Korea-China friendship forever, from generation to generation.

The socialist construction which the peoples of Korea and China are vigorously accelerating, helping each other, is progressing successfully under the wise leadership of the party and state leaders of the two countries.

Upholding the line and policy set forth by the CPC at the Third Plenary Session of its 11th Central Committee and its 12th National Congress, the fraternal Chinese people are energetically waging a devoted struggle in the same spirit as displayed in the 25,000-ri Long March and thereby effecting great changes in all fields -- the economy, culture, national defense, and science -- and ushering in a great heyday which has never been experienced in China's long history. Today China has changed its looks and the international position of the PRC is rising daily. This is a fruition of the tested leadership of respected Comrades Hu Yaobang and Deng Xiaoping and other leaders of the CPC. Our people rejoice, as over their own, over the successes of the fraternal Chinese people in the revolution and construction and sincerely wish the Chinese people greater progress in their future endeavor to build China into a highly democratic and modern socialist power.

While socialist construction is in progress in China, experiencing shining successes because of the high-spirited struggle of the Chinese people firmly rallying around the CPC, advances, by leaps and bounds, and innovations are taking place in our country as well in all fields of socialist construction. Upholding the grand program of socialist construction set forth by the sixth party congress and under the wise leadership of the party Central Committee, headed by the respected and beloved Comrade Kim Il-song, our people are now vigorously advancing, demonstrating the revolutionary spirit of self-reliance and arduous struggle. In the spirit of Chollima, to which the "speed of the eighties" is added, our country today is ushering in a great heyday of national prosperity.

Today, the peoples of Korea and China have a historical task of reunifying their facherlands. We extend full support to and militant solidarity with the Chinese people in their just struggle to reunify the whole country by having Taiwan returned to the homeland and regaining sovereignty over Hong Kong.

Respected Comrade General Secretary Hu Yaobang, at the historic Pyongyang mass meeting held in May, clarified once again to the whole world the unshakable stand of the Chinese party, government and people fully supporting our people's cause of national reunification. This is a great encouragement to our people in the struggle to accomplish the historic cause of national reunification at an early date. We always remember this and are grateful for this. The peoples of Korea and China will certainly win a great victory in the sacred struggle to reunify the country.

In conclusion, with the conviction that the friendship and unity formed in blood between the peoples of Korea and China will be strengthened and developed daily, I propose drinking a toast to the good health and long life of respected Comrades Hu Yaobang, Deng Xiaoping, Li Xiannian, and Zhao Ziyang, and to the good health and long life of the great leader Comrade Kim Il-song, and to the health of the comrades who are present here.

Kang Visits Friendship Commune

SK081035 Pyongyang KCNA in English 1025 GMT 8 Aug 84

[Text] Beijing August 7 (KCNA) -- Comrade Kang Song-san, member of the Political Bureau of the Central Committee of the Workers' Party of Korea and premier of the DPRK Administration Council, on an official goodwill visit to China went to the China-Korea Friendship Hongxing People's Commune on the outskirts of Beijing on the morning of August 7.

The secretary of the commune party committee said: The tree planted by the great leader Comrade Kim Il-song in 1975 when he visited the China-Korea Friendship Hongxing People's Commune is growing fresh and green like the daily developing China-Korea friendship. We will tend this tree better as a symbol of the China-Korea friendship.

Hearing about the development of the commune Premier Kang Song-san and his party went round the milch cow and duck farms of the people's commune. The premier congratulated the members of the commune upon their great success under the leadership of the Communist Party of China and wished them greater success in implementing the party's agricultural policy. In the afternoon the premier and his party visited the Gugong Museum in Beijing.

KIM YONG-NAM MEETS COX NEWSPAPERS BUREAU CHIEF

SK072354 Pyongyang KCNA in English 2230 GMT 7 Aug 84

[Text] Pyongyang August 8 (KCNA) -- Kim Yong-nam, vice-premier and foreign minister, on August 7 met Walter Miller, Tokyo Bureau chief of U.S. newspaper Cox. Han Ik-su, vice-chairman of the Korean Society for Cultural Relations With Foreign Countries, was present there.

Kim Yong-nam answered the questions put by Walter Miller.

HUNGARIAN ENVOY CALLS ON YI CHONG-OK

SK072347 Pyongyang KCNA in English 2220 GMT 7 Aug 84

[Text] Pyongyang August 8 (KCNA) -- Vice-President Yi Chong-ok on August 7 met and had a talk with the Hungarian Ambassador to Korea Sandor Etre who paid a farewell call on him. Present on the occasion were Yi Chong-mok, first vice-minister of foreign affairs, and an official of the Hungarian Embassy in Pyongyang.

YI CHONG-OK MEETS AFGHAN PARTY DELEGATION

SK072351 Pyongyang KCNA in English 2221 GMT 7 Aug 84

[Text] Pyongyang August 8 (KCNA) -- Comrade Yi Chong-ok, member of the Political Bureau of the Central Committee of the Workers' Party of Korea and vice-president of the Democratic People's Republic of Korea, on August 7 met and had a friendly talks with the delegation of the People's Democratic Party of Afghanistan headed by Adinah Sangin, alternate member of the Central Committee of the People's Democratic Party of Afghanistan and head of the Economic Affairs Department of the party.

Present there was Pak Nam-ki, member of the Central Committee of the Workers' Party of Korea and director of a department of the WPK Central Committee.

IRANIAN PRESIDENT'S SPECIAL ENVOY ARRIVES

SK072357 Pyongyang KCNA in English 2231 GMT 7 Aug 84

[Text] Pyongyang August 8 (KCNA) -- Vice-minister of foreign affairs in charge of economic and international affairs, Hoseyn Kazempur Ardabili, a special envoy of His Excellency Seyyed 'Ali Khamene'i, president of the Islamic Republic of Iran, and his entourage arrived in Pyongyang by air on August 7. The flags of the two countries were flying at the airport.

They were met at the airport by Kim Yong-sop, vice-minister of foreign affairs, and Morteza Behbahani, charge d'affaires ad interim of the Iranian Embassy in Pyongyang.

REPORTAGE ON VISIT TO LIBYA OF ARMY CHIEF

For Tripoli coverage of the visit to Libya of General O Kuk-yol, chief of the General Staff of the DPRK People's Army, see the North Africa section of the 7 August Middle East & Africa DAILY REPORT and subsequent issues.

PAK SONG-CHOL, DELEGATION VISIT NIGERIA

SK080410 Pyongyang KCNA in English 0352 GMT 8 Aug 84

[Text] Pyongyang August 8 (KCNA) -- A DPRK Government delegation headed by Comrade Pak Song-chol, member of the Political Bureau of the Central Committee of the Workers' Party of Korea and vice-president of the DPRK, visited the Federal Republic of Nigeria from August 2 to 5.

Tunde Idiaghon, member of the Supreme Military Council and Chief of Staff of the Supreme Headquarters of Nigeria, hosted a banquet in honor of the delegation on the evening of August 2. The banquet was addressed by Tunde Idiaghon and Comrade Pak Song-chol.

The attendants toasted the good health and long life of President Kim Il-song of the Democratic People's Republic of Korea and dear Comrade Kim Chong-il and the good health and long life of Mohammadu Buhari, head of state of the Federal Republic of Nigeria and commander-in-chief of the Armed Forces. Talks were held between government delegations of the two countries on August 3.

The delegation toured rivers state of Nigeria on August 4. It left Lagos on August 5 after its visit to Nigeria.

A portrait of President Kim Il-song and a portrait of Mohammadu Buhari, head of state of Nigeria and commander-in-chief of the Armed Forces, were put up at the airport. A farewell function took place at the airport. After the playing of the national anthems of Korea and Nigeria, Comrade Pak Song-chol in company with Tunde Idiaghon reviewed a guard of honor.

Further Reportage

For African reportage on the visit to Nigeria by vice president Pak Song-chol, including his discussions with Nigerian head of state Major General Muhammadu Buhari and other officials, see the Nigeria subsection of the West Africa section of the 7 August Middle East and Africa DAILY REPORT and subsequent issues.

GUYANESE ENVY HOSTS RECEPTION IN PYONGYANG

SK070829 Pyongyang KCNA in English 0814 GMT 7 Aug 84

[Text] Pyongyang August 7 (KCNA) -- Ashik Altaf Mohamed, Guyanese ambassador to Korea, hosted a reception at the Ongnyu Restaurant last evening on the occasion of the 10th anniversary of the establishment of diplomatic relations between the Democratic People's Republic of Korea and the Cooperative Republic of Guyana. The reception was addressed by the ambassador and Vice-Premier and Foreign Minister Kim Yong-nam.

In his speech, the Guyanese ambassador said the friendly and fraternal relations between the parties, governments and peoples of the two countries have grown stronger and developed day by day since comrade Linden Forbes Sampson Burnham, president of the Cooperative Republic of Guyana, and Comrade Kim Il-song, the great leader of the Korean people, took a wise measure to establish diplomatic relations between Guyana and Korea.

He pointed out that the Korean people have made a great progress in all fields of the country under the wise and outstanding guidance of the great leader Comrade Kim Il-song and the dear leader Comrade Kim Chong-il, upholding the banner of the chuche ideas.

Guyana supports the DPRK proposal for tripartite talks for a peaceful reunification of the country, he said.

In his speech, Kim Yong-nam said new milestones have been set up in consolidating friendship between the two countries through several historic meetings and talks between the great leader President Kim Il-song and respected Comrade President Linden Forbes Sampson Burnham and the bonds of fraternal friendship and cooperation between the peoples of the two countries have developed on a broader scale as days went by.

The Korean people heartily wish the Guyanese people greater success in their future work to carry out the decisions of the fifth congress of their party.

The attendants raised glasses to the good health and long life of the great leader President Kim Il-song, to the good health and long life of the dear leader Comrade Kim Chong-il and to the good health and long life of respected President Linden Forbes Sampson Burnham.

RURAL COUNTY TURNED INTO 'PEOPLE'S PARADISE'

SK071530 Pyongyang KCNA in English 1516 GMT 7 Aug 84

[Text] Pyongyang August 7 (KCNA) -- Insan County in North Korea, has turned into a people's paradise.

Busy as he was with state affairs, the great leader President Kim Il-song gave on-the-spot guidance several times to Insan County. He taught that the lives of the people should be further improved by developing agriculture in combination with stock-breeding, building an orchard and turning to account mountains in conformity with the specific conditions of the county. As a result, a great change has taken place in the economic development and the people's lives in the county.

The local industry of the county is composed of foodstuff, daily necessities, textiles and clothing and chemical industries. The local industrial factories in the county produce more than 500 kinds of goods.

The county has over 1,000 hectares of orchard, more than 9,300 hectares of pine-nut tree grove, 490 hectares of walnut tree grove and 460 hectares of Korean wild walnut tree grove and Korean pepper bushes, which serve as an important raw material resource for the local industry.

The county had not a single factory before the country's liberation. But it now fully meets the peoples' demand for daily necessities with its own production.

Agriculture, stock-breeding, pomiculture have made a diversified development in the county.

The total output of grain grew 1.6 times in 1983 as against 1972, of which rice and maize yield more than doubled. In the same period the fruit output increased 2.6 times, meat 1.2 times, eggs 2 times, milk 1.9 times and vegetables 1.2 times.

Income distribution for each household of farmers has augmented 2.2 times over the last 10 years or so.

This year crops are doing unusually good in Insan County.

In the county education, culture and health services have made a progress as in urban and plain areas. The county had two primary schools before liberation, but it has now more than 30 schools at various levels including a college and 450 odd kindergartens and nurseries. The working people enjoy benefits of free medical treatment at dozens of people's hospitals and clinics. There are excellent facilities for their cultural life.

NODONG SINMUN ON KIM CHONG-IL'S ECONOMY TREATISE

SK061327 Pyongyang Domestic Service in Korean 2135 GMT 4 Aug 84

[NODONG SINMUN 5 August special article: "Developing Local Economy Is An Important Question in Socialist Economic Construction"]

[Text] Today, our country is boasting of being a country with developed small- and medium-sized local industries as well as large-scale central industries.

Even in 1980, we possessed, on average, more than 18 modern local industrial plants per county, nearly 4,000 modern local industrial plants throughout the country. The scale of local industries has increased incomparably. Production output and the variety of products have also increased.

Today's reality, in which our local industries have made rapid progress and are greatly contributing to meeting the increasing demand of the people for consumer goods, serves as clear-cut proof of the justness of the great leader Comrade Kim Il-song's policy to advance large-scale central industries and small- and medium-sized local industries together.

In many documents, dear Comrade Kim Chong-il has generally elucidated the necessity and justness of developing local industries and the questions arising from implementing this policy. At this point, his 5 August 1962 treatise on the reality of local economy, in which he generally proved the justness of our party's policy on developing local economy, has great significance.

Dear Comrade Kim Chong-il wrote this treatise after acquainting himself with the economic situation in several regions -- including Sakju County, North Pyongan Province -- in order to uphold the word of the great leader Comrade Kim Il-song who was preparing for the (Changsong) joint meeting of local party committee and economic functionaries.

On the basis of concrete data the treatise profoundly and theoretically analyzes the importance of the development of local economy in socialist economic construction and the achievements and experiences gained by Sakju County in developing local industries and the rural economy.

The ideologies, theories, and policies put forth in the treatise have great significance in our struggle to accelerate vigorously socialist economic construction by generally mobilizing all reserves and potential, upholding the decisions of the ninth plenary meeting of the sixth party Central Committee.

Above, all, the treatise elucidates the questions arising in the development of local industries. Comrade Kim Chongil, member of the Presidium of the Political Bureau and secretary of the party Central Committee, has noted: Correctly combining and developing central and local industries is one of the important questions arising in socialist economic construction.

As is elucidated in the treatise, large-scale central industries have great superiority in rationally organizing the division of labor and cooperative work and in increasing labor production efficiency by introducing new technologies. But, we cannot on a timely basis smoothly solve the questions arising from economic construction and improving people's living with just central industries.

It is necessary to develop small- and medium-sized local industries as well as large-scale central industries in order to smoothly meet the various material demands of people in various places throughout the country.

The treatise elucidates the history of our country's local industries, which have developed quickly under the wise leadership of the great leader Comrade Kim Il-song, and the achievements of Sakju County.

Sakju County is not a very big country in a mountainous area of our country. After the war, there were a small food plant, a (?wine) plant, and a furniture production cooperative association there. Nevertheless, those plants were of no effect on living conditions of county residents because their technological level was low and their production was small.

After the plenary meeting of the party Central Committee in June 1958 to drastically develop local industrial plants, six new local industrial plants were built in Sakju in just 2 years. Thus, the number of plants in the county had already reached nine in 1960. Also, the technologies and equipment standards of the plants and the workers' technological and skills standards increased a considerable amount.

The treatise noted that the history of the development of local industries in Sakju County vividly proves the justness of our party's policy on developing local industries, analyzing relevant experiences in some respects.

First, the experiences of Sakju County show that our party's policy on building local industries for increasing production through methods designed to mobilize the masses and local reserves is totally correct.

As analyzed in the treatise, local industry plants in Sakju County, including the textile plants, corn processing plants, and foodstuff plants, were built largely with local inner reserves without state investment. In Sakju County, the problems of the labor, technology, raw materials, and materials required in building and operating local industries have been solved through mobilizing locally available inner reserves.

As pointed out in the treatise, reserves for production growth are available everywhere. Therefore, finding and mobilizing inner reserves plays a great role in increasing production. When we inspire the masses' ideology through political work among them, we can mobilize and utilize inner reserves without difficulty. This is the important ideology elucidated in the treatise.

Second, the experiences of Sakju County show that our party's policy on developing local industries with a spirit of self-reliance and by strengthening creative cooperation among producers is totally correct.

Sakju County had faced great difficulties in the course of building local industry plants and in solving problems of technology, raw materials, and materials required in the operation of local industries. However, functionaries and working people overcame all difficulties by displaying a spirit of self-reliance and by cooperating with a comradely attitude.

Third, the experiences of Sakju County also show that our party's policy on developing local industries by designating each country as a unit is very correct.

Strengthening ties between urban and rural areas in all fields -- political, economic, and cultural -- is a primary problem in socialist and communist construction. What is important here is to establish a fixed area base. As seen in the case of Sakju County, only when we develop local industries, using the country as a unit, can we strengthen ties in production between industries and agriculture and more properly carry out the supply work for rural areas.

Local industry plants which have been built today throughout our country are the products of self-reliance and the outcomes of massive wisdom and exploits.

Today, we are carrying out economic construction under favorable conditions incomparable to the postwar period when we had to tighten our belts. However, as in the past we should continue to display our revolutionary spirit of self-reliance and fortitude. Precisely in this lies the basic key which enables us to accelerate socialist economic construction with the spirit of adding the "speed of the eighties" to Chollima.

The treatise also elucidates problems arising in developing the rural economy. As the dear Comrade Kim Chong-il elucidated in his treatise, the rural economy is one of the two major sectors of the national economy. Only by developing the rural economy can we easily meet the people's demands for food and the demands of industry for raw materials. In particular, the rural economy plays an important role in developing the local economy. Therefore, without developing the rural economy, we cannot develop the local economy comprehensively nor can we improve the local people's lives.

In the treatise, the experiences of Sakju County in developing the rural economy in conformity with the specific characteristics of the areas have been properly analyzed based on many materials. As indicated in the treatise, land is a basic means of agricultural production. Therefore, unfavorable conditions of mountainous areas affect agricultural production and farmers' lives. However, land conditions do not influence agricultural production and farmers' lives.

The treatise has elucidated that agricultural production and farmers' lives depend on how people ameliorate and utilize land. Therefore, when we properly ameliorate land, improve the quality of land, maintain the principle of the right crop at the right place in utilizing land, and properly utilize the mountainous areas, we can easily increase agricultural production even in the mountainous areas and consequently improve the standard of the people's living.

This idea which has been elucidated in the treatise is now vigorously displaying its vitality in reality.

By closely combining agriculture and livestock raising in mountainous areas and properly turning all mountains into rich and golden ones, the people of these areas lead as happy a life as the people of plain areas.

The decisive role of counties in developing the local economy is precisely to follow the important ideology elucidated in the treatise. Most of the local industry plants of the country have been built in counties and guidance for the rural economy has been carried out by counties. The problems of supplying raw materials to local plants and maintaining close ties between local industries and the rural economy should be solved by counties themselves.

The ideology on properly managing counties and enhancing their role is comprehensively elucidated in the dear Comrade Kim Chong-il's document titled "The Position and Role of Counties in Socialist Construction" published on 18 March 1964.

Developing small- and medium-scale industries together with large-scale central industries is our party's consistent policy.

Today, an epochal advance has been achieved in developing the country's local industries. However, we are now faced with the heavy task of further developing local industries based on past success. The fact that local plants normalize production and utilize the already available production capabilities to their maximum is important here.

All functionaries and working people in the local industrial field should actively contribute to further improving the people's lives by vigorously carrying out the three revolutions and mobilizing all available local reserves and following the decision of the ninth plenum of the sixth party Central Committee.

MEASURES STUDIED TO DEAL WITH NORTH SUCCESSION

SK080257 Seoul YONHAP in English 0239 GMT 8 Aug 84

[Text] Seoul, Aug. 8 (YONHAP) -- The South Korean Government is studying diplomatic countermeasures to deal with the expected power succession of the North Korean communist regime which it sees is imminent. A government source said Wednesday various intelligence reports on the domestic situation of North Korea indicate that the present leader of the communist regime, Kim Il-song, will transfer power to his son, Kim Chong-il, as early as late this year or next year. The government is closely watching the changes in the North Korean power structure and their possible influence on the diplomatic circumstances of South Korea, the source said.

The source said, however, a drastic change in situation on the Korean peninsula is not likely for the time being because Kim Il-song is expected to play a patron's role after the power succession. Major concerns of the government, the source said, are the possible "rash and thoughtless actions" of Kim Chong-il, who is rather young and has an "abnormal personality," the possibility of armed provocations to show off the unity of his regime and the junior Kim's hardliner policy.

In Tokyo, reports said Monday that the North Korean official Radio Pyongyang described Kim Chong-il as "the sole successor" to Kim Il-song, assessing that the power succession has been recognized internationally.

Observers in Seoul interpret the Radio Pyongyang broadcast as an indication that the power succession is imminent in light of press report during the senior Kim's East European tour that Kim had told the leaders of those countries that he will transfer power to his son.

Editorial on 'Hereditary Dynasty'

SK080615 Seoul CHOSON ILBO in Korean 8 Aug 84 p 2

[Editorial: "North Korea's Proclamation of Hereditary Dynasty -- the Meaning of the Declaration of Kim Chong-il as the Sole Successor"]

[Text] It has already been more than 10 years since North Korea's Kim Il-song began maneuvering to pass his dictatorship power onto Kim Chong-il. Taking resistance within the party and shock in the international community into account, North Korea has assiduously carried out this operation step by step. However, Kim Il-song's wild desire has not been realized smoothly. Over the past 10 years, Kim Yong-chu, one of Kim Il-song's brothers, was ruined; numerous high-ranking party cadres have been purged; and most of the aged cadres have been forced out from office because of the enforcement of a shift in generation by the "three revolutions team movement." All of these changes were needed for consolidating the foundation of Kim Chong-il.

Kim Chong-il's status as heir was formulated at the party level at the 6th party congress in October 1980. At that congress, Kim Chong-il became a member of the party Central Committee, a member of the party Political Bureau Presidium, a party secretary, and a member of the party Military Commission, thereby, indeed, reigning over North Korea as the No 2 man. As a result of this, seniors who had taken pride in their revolutionary exploits were reduced to being placed under Kim Chong-il. Since then, the personality cult of Kim Chong-il has been rapidly strengthened, following the pattern of that of Kim Il-song. The name of Kim Chong-il is now being embellished with the most beautiful eulogy in the world.

The party propagandists of North Korea have upheld Kim Chong-il as another "sun" and the second god. Also, they branded those who criticized or opposed the brazen hereditary system as "antiparty factional elements" or "remnants of the hostile class" and have justified a harsh struggle to wipe them out while calling it a "serious class struggle." This notwithstanding, North Korea has thus far failed to declare Kim Chong-il the "successor" to Kim Il-song. On 6 August, however, Radio Pyongyang dared to proclaim unhesitatingly that the greenhorn is the "sole successor to the great leader" and this was recognized worldwide.

This proclamation is not accidental. It is just a public announcement of a fait accompli. The proclamation indicates that dissidents within the party have been eradicated and the silent acknowledgement of Red China and the Soviet Union has been attained. The firm establishment in North Korea of the system of inheriting political power, an exclusive system in a hereditary dynasty, is an odd event, one which has never taken place in the international communist movement, and is an absurd act of challenging Marxism-Leninism. Nevertheless, this preposterous practice is tolerated in North Korea. This is an abomination of communist ideology.

We can say that, primarily because of his greed for power and nepotism, Kim Il-song has forcibly carried out such work. Occupying the supreme leadership post of North Korea for the past 39 years, he has exercised tyranny, distributing key posts to his relatives. He is now trying to pass his position on to his eldest son. This is a version of the system of inheriting the throne and feudalistic power politics.

Another factor which made it possible to realize such a system of succession is the unstable power system of North Korea. Even though everything seems to be ruled through the exercise of absolute power, a horrible bloody struggle is expected when Kim Il-song dies in North Korea. The system of inheriting power by heredity was chosen as a method for stability.

Meanwhile, an external factor which made inheritance possible was confrontation between Red China and the Soviet Union. While being displeased with the hereditary system inwardly, both Red China and the Soviet Union have reached the stage of recognizing the system in order to prevent North Korea from tilting toward the other side. Such a signal was shown 2 years ago. In a nutshell, the national egoism of Red China and the Soviet Union ruined the prestige of the international communist movement. Through the enforcement of the hereditary system, Kim Il-song is causing inevitable trouble.

SOVIET REPORTERS' 'KEEN INTEREST' IN SEOUL OLYMPICS

SK080859 Seoul YONHAP in English 0741 GMT 8 Aug 84

[Text] Los Angeles, Aug. 7 (YONHAP) -- Some Soviet reporters who are now here to cover the ongoing Olympiad visited the liaison office of South Korea's YONHAP NEWS AGENCY in the main Olympic press center Monday afternoon and expressed keen interest in Seoul's preparedness for the 1988 Summer Olympic Games. A TASS correspondent asked YONHAP reporters whether the preparatory works are going well for the next Olympiad in Seoul and requested data concerning the Seoul games.

Expressing his interest in the Seoul event, the TASS correspondent said in reply to Korean reporters who said they wished to meet him again in Seoul, he hopes to visit South Korea in 1988 to cover the games. The Soviet reporters said his news agency had not dispatched any coverage team from Moscow to Los Angeles but instead moved its four correspondents stationed in Washington and New York to cover the games. Another Soviet reporter, from NOVOSTI NEWS AGENCY, also said he wanted to gather data on the 1988 Olympic Games.

MONTSAME: U.S. REJECTS USSR NUCLEAR BAN PROPOSALS

OW080039 Ulaanbaatar MONTSAME in English 1614 GMT 7 Aug 84

[Text] Ulaanbaatar, August 7 (MONTSAME) -- In August, 1983, representatives of the USSR, the USA and Great Britain signed in Moscow the treaty banning nuclear weapon tests in the atmosphere, in outer space and under water. The treaty became the first ever major international document pointing to the concrete way toward curbing the nuclear armaments race, writes political observer of MONTSAME B. Duger.

However, in 1983 the Western states did not accept the Soviet proposal for overall and complete banning of nuclear tests, and only in 1974 an agreement was reached limiting the underground nuclear tests on the level of 150 kilotons.

The achieving of agreement on universal and complete banning of nuclear tests would be of enormous significance. It would narrow the possibility of producing such a type of weapons and consequently bar the way to stepping up the nuclear armaments race. The Soviet Union is consistently following the course at overall and complete banning of nuclear tests and urges the Western states to fulfill the provisions of the Moscow treaty

However, the USA puts up a main barrier on the way of realizing the Soviet proposal for banning the nuclear tests. Especially worse became Washington's position on this question after Reagan had come to power. His administration under any pretext is turning down the Soviet proposals directed at successful solution of the problems of banning the nuclear tests. In the base of this policy lies one global aim: to achieve military supremacy over the USSR and the other socialist countries at any cost, the observer write

PRC ROLE IN 'TONKIN INCIDENT' DETAILED

OW080025 Ulaanbaatar MONTSAME in English 1619 GMT 7 Aug 84

[Text] Ulaanbaatar, August 7 (MONTSAME) -- A Mongolian radio commentary says: Twenty years ago, early in August, 1965, some developments occurred in Southeast Asia which are known as the "Tonkin Incident." They had served as a pretext for the U.S.A. to start military operations against the Democratic Republic of Vietnam and step up its dirty war in Indochina. What really happened at the Tonkin Gulf was that on the night from 3d to 4th of August, 1965 U.S. warships shelled the Vietnamese border boats which had allegedly attacked them.

Today it is an absolutely proved fact that the "Tonkin Incident" was a premeditated American provocation devised to justify the escalation of the war. But less is known about China's role in the Tonkin developments. And there is sense in reminding that since it is China that is carrying out armed provocations on the Vietnamese borders. As for the "Tonkin Incident" the Chinese leadership had played the role of an instigator.

By mid-1964 the national-liberation movement in South Vietnam gained a wide scope. The Saigon regime was on the verge of collapse. Under the circumstances Washington viewed direct aggressive actions against North Vietnam as the way out of the situation.

The U.S.A.'s course at escalating the military interference in Vietnam answered indeed the interests of the Beijing leadership, which had been striving to exploit the situation in that country for substantiating Mao Zedong's concept of "a protracted popular war." The Chinese propaganda flatly dismissed the perspective of establishing a people's power in South Vietnam through peaceful political means and in so doing it utterly ignored the position of the leadership of the South Vietnam patriotic forces.

While planning an armed aggression against Vietnam and bearing in mind the lessons of the Korean war, the U.S. ruling circles were trying to sound out China as to what its position would be in case the U.S. resorted to military force in relation to neighbouring Vietnam. Beijing dispelled Washington's fears by hinting in a number of statements preceding the "Tonkin Incident" that it would not undertake any steps provided the Chinese territory stayed intact.

The escalation of the American aggression against Vietnam was facilitated also by Beijing's undermining activities within the socialist community and the world communist movement. The Pentagon's classified documents, published by the American press in 1971, confirmed that Washington had been linking the possibility of launching an aggression in Indochina with the growth of the Beijing leadership's anti-Soviet feelings. Beijing, in essence, lived up to the expectations of Washington.

In May 1964, the Central Committee of the Communist Party of China turned down the proposal of the Central Committee of the Communist Party of the Soviet Union to hold bilateral talks as well as all initiatives on convening an international conference of communist and worker's parties. Thus, the Beijing leadership affirmed its policy of drifting away from them. As is known, later Beijing had been persistently refusing to join the socialist countries for helping the fighting Vietnamese people. Deng Xiaoping was even persuading the Vietnamese leadership to reject Soviet aid and promised a billion yuan in case Vietnam agreed.

Following the Tonkin developments Beijing continued to steer to fanning up the conflict while making it clear it would not enter the war on Vietnam's side. Thus, in January 1965, talking to American writer Edgar Snow, Mao Zedong said that the Chinese would fight only if the U.S.A. were to attack China. This statement of Mao's pushed Washington towards adopting a decision to introduce American troops into South Vietnam for propping up the Saigon regime. In February the same year massive shellings of the North Vietnamese territory also started. The Chinese leaders openly rejoiced at the aggravating situation in Vietnam and sought to protract the war by all means, no matter what it cost the Vietnamese people. The Maoists viewed the Vietnam war as an integral part of their strategy aimed at establishing Chinese hegemony in Southeast Asia.

A year after the Tonkin developments Mao Zedong, speaking at a session of the C.P.C.C.C. Politbureau, said: We must appropriate Southeast Asia including South Vietnam, Thailand, Burma, Malaysia, Indonesia, Singapore... the region of Southeast Asia is very rich, there is an abundance of mineral wealth there... it really deserves expenditures for being appropriated....

The Chinese hegemonists are continuing their attempts to take over Vietnam considered by them as one of the major obstacles on their road to southward expansion. Following in the footsteps of American imperialists the Chinese leaders are staking on bringing the Vietnamese people down on their knees by force of arms. But the schemes of suppressing Vietnam are doomed to failure. The Vietnamese people are fully resolved to defend their independence and freedom. And in that they can always rely on the fraternal assistance and support on the part of the Soviet Union, Mongolia, all other socialist community countries.

GENDENGIYN NAMDOO NAMED NEW UN REPRESENTATIVE

OW070028 Ulaanbaatar MONTSAME in Russian 1409 GMT 6 Aug 84

[Text] Ulaanbaatar, 6 Aug (MONTSAME) -- By decree of the MPR People's Great Hural Presidium, Comrade Gendengiyn Namdo is appointed MPR Permanent Representative to the United Nations Organization (UNO).

U.S.-THAI EXERCISE 'DIRECT THREAT' TO INDOCHINA

BK080754 Phnom Penh SPK in French 0423 GMT 8 Aug 84

[**"SPK commentary: 'A New Threat for the Indochinese Countries'" -- SPK headline]**

[Text] Phnom Penh, 8 Aug (SPK) -- The U.S.-Thai "Cobra Gold '84" exercise is a direct threat to the three Indochinese countries. It is common knowledge that, following the violations of Kampuchea's territorial waters, land, and airspace by the Thai Army and the flagrant occupation of the three Lao border hamlets, this exercise is aimed at harming peace and stability in Southeast Asia.

"Cobra Gold '84" marks a new stage of the close collusion of the two countries with China in pursuing the hostile policy conducted by Bangkok toward the three Indochinese countries.

In its dirty war of aggression against the three Indochinese peoples, the United States used Thai territory as a launching base for air raids to drop millions of metric tons of bombs in Kampuchea, Vietnam, and Laos, and Thai soldiers were sent to Vietnam to commit atrocities and massacres under U.S. command.

Since its defeat 9 years ago in Indochina, U.S. imperialism has always nurtured the ambition of recapturing the lost ground and it has plunged its stooges of Bangkok's most reactionary ruling circles into its political wake. The Reagan administration and the Bangkok bigwigs must learn the lesson of Indochina despite the fact that they are pursuing an acceleration of the arms race by modernizing their war materiel such as the M-48 tanks and other modern U.S. apparatuses.

The Kampuchean people vigorously condemn this military exercise and pledge together with the peoples of Vietnam and Laos to defend the territorial integrity of each country and are convinced that neither the American people nor the Thai people will let themselves be pulled by their powerholders in Washington and Bangkok into a new military adventure.

WEEKLY REPORT ON RECENT THAI BORDER INCURSIONS

BK080439 Phnom Penh SPK in English 1156 GMT 7 Aug 84

[Text] Phnom Penh SPK August 7 -- In the week ended on August 2, Thai fishing boats made 313 incursions into areas seven to 20 miles off the Kampuchean islands of Kaoh Kong, Kaoh Tang and Poulo Wai.

Thai reconnaissance aircraft 81 times overflowed the areas of Preah Vihear temple (Preah Vihear), Ampil (Siem Reap), Kamrieng (Batambang) and Koh Kong, from two to three kilometers inside Kampuchea. Meanwhile Thai artillery made 37 shellings of the areas of Preah Vihear Temple and of western Pursat and northern Koh Kong.

In the same period, Kampuchean Border Guards put out of action 210 Khmer reactionaries, who had crossed the border from Thailand, and seized 69 guns, a quantity of ammunition and other war materials.

INDOCHINESE HEALTH MINISTERS' CONFERENCE ENDS

Communiqué Issued

BK070825 Phnom Penh SPK in English 1114 GMT 6 Aug 84

[Text] Phnom Penh SPK August 6 -- Following is a joint communiqué released to the press on the second conference of the health ministers of Kampuchea, Vietnam and Laos in Phnom Penh.

1) To strengthen the ties of friendship, solidarity and cooperation in health service between the three fraternal countries of Kampuchea, Laos and Vietnam and at the invitation of the health minister of the People's Republic of Kampuchea, the health minister of the Lao People's Democratic Republic, Dr Khamliang Phonsena, and the health minister of the Socialist Republic of Vietnam, Professor Dang Hoi Xuan, arrived in Phnom Penh capital of the PRK, for the second conference of the three ministers of public health of Kampuchea, Laos and Vietnam from August 1-5, 1984.

The conference was honored with the presence of Hun Sen, Politburo member of the Central Committee of the People's Revolutionary Party of Kampuchea, acting premier, and minister for foreign affairs of the PRK.

On August 4, Bou Thang, Politburo member of the PRPK Central Committee, vice premier and minister of national defence of the PRK, cordially received Lao Health Minister Khamliang Phonsena, Vietnamese Health Minister Dang Hoi Xuan, and Kampuchean Health Minister Yit Kimseng.

]) During the conference, the three ministers attached a great value to, and noted with satisfaction, the remarkable progress of the medico-sanitary science in each country over the past year. The three countries have concentrated their efforts on building, strengthening and broadening health networks, extending them to districts and villages, improving the quality of preventive and curative medicine and the protection of mother and child, developing traditional medicine, the production of pharmaceutic products -- especially herb-based products -- and promoting professional training, research, the struggle against paludism etc....The results obtained in each country are encouraging and conform with the slogan of the World Health Organization: "Health for all in the year 2000".

3) The three ministers particularly congratulated the heroic Kampuchean people on their great achievements they had obtained in national reconstruction over the past five years under the clear-sighted leadership of the PRPK and the PRK Government. The sanitary service in the PRK, indeed, has actively contributed to the fast progress in building and developing a medical system capable of meeting the need of the population.

4) The three ministers examined, and noted with satisfaction, the good results in implementing the decision of the first conference held in Vientiane. Pharmaceutical production and the fight against paludism have developed in each country. At the second conference, the three ministers discussed at great length training and perfecting of medico-pharmaceutic cadres at all levels, which work plays a very important role in building and developing the medico-sanitary science in each country now and in the future as well.

The three ministers adopted common measures and also measures suitable to each country to step up and improve the quality of the training of medico-sanitary cadres.

5) The three ministers noted with satisfaction that the close medico-sanitary cooperation among the three countries had advanced steadily with very good results in common efforts and mutual assistance to overcome all difficulties in order to accelerate development in the spirit of proletarian internationalism.

The three ministers were strongly convinced that ties of special cooperation between the three peoples in health service would develop incessantly.

They asserted that full cooperation with the Soviet Union and other fraternal socialist countries would also develop constantly, and expressed their warmest gratefulness to the Soviet Union and other socialist countries for their effective aid. They also thanked various international organizations for their contributions to the improvement of the health service in Kampuchea.

6. The conference strongly condemned new crimes perpetrated by the Chinese expansionists in collusion with the U.S. imperialists and ultra-rightists in Thailand in opposing the revival of the Kampuchean people, in seeking to reimpose the genocidal Pol Pot regime on Kampuchea, in occupying three hamlets in Sayaboury Province in the Lao People's Democratic Republic, in shelling Vietnam's border provinces, nibbling away at Vietnamese territory thus straining and complicating the situation in Southeast Asia.

The conference strongly condemned the insane arms race policy of the Reagan administration, its preparations for a nuclear war, its threat to world peace and security.

The conference warmly welcomed peace initiatives of the Soviet Union. It supported the movement involving all progressive people in the world against war, against the deployment of nuclear missiles in Western Europe, and against space militarization, for peace and security.

7. The conference was held in an atmosphere of fraternal friendship and mutual understanding. The three ministers saw eye to eye on the great policy to build a socialist sanitary service in conformity with the present situation in the three Indochinese countries. They believed that in spite of difficulties, their decisions on and their cooperation in medico-sanitation would give good results in the years to come.

8. The health ministers of the Lao People's Democratic Republic and the Socialist Republic of Vietnam expressed their gratitude to the People's Revolutionary Party of Kampuchea Central Committee, the Government of the People's Republic of Kampuchea, the fraternal Kampuchean people, and the health minister of the PRK as well as his collaborators, for their very warm welcome, their traditional hospitality, and for the arrangement for the stay of the health delegations of Lao and Vietnam during the conference in Phnom Penh, the capital of the Angkor land.

SRV Delegation Departs

BK080322 Phnom Penh Domestic Service in Cambodian 1300 GMT 7 Aug 84

[Text] The SRV Health Ministry delegation led by Health Minister Dang Hoi Xuan left Phnom Penh for home on the afternoon of 6 August after attending the successful conference of the three Indochinese countries' health ministers.

Seeing the delegation off at Pochentong airport were Comrade Yit Kimseng, health minister; the comrade deputy minister and cadres of the Health Ministry; and many students of the health cadres' school.

Also on hand at the airport were Comrade Thongpeng Souklaseng, LPDR ambassador extraordinary and plenipotentiary, and Comrade Nguyen Hoa, counselor of the SRV Embassy to Kampuchea.

REPORT ON AGRICULTURAL DEVELOPMENTS 30 JUL-5 AUG

BK061224 [Editorial report] Kampuchean media monitored by Bangkok Bureau carried the following reports on agricultural developments during the reporting period 30 July-5 August:

Battambang Province: Phnom Penh SPK in French at 0422 GMT on 3 August reports that by mid-July peasants of Battambang District had plowed more than 37,350 hectares and planted more than 28,000 hectares of rice targeted for this rainy season. Phnom Penh Domestic Service in Cambodian at 0430 GMT on 3 August reports that by mid-July peasants of Moung Russey District had retilled almost 8,000 hectares of land, sowed nearly 800 hectares of rice seeds of all types, broadcast or transplanted over 5,100 hectares, and planted hundreds of hectares of subsidiary crops.

Kandal Province: Phnom Penh radio at 0430 GMT on 31 July reports that by mid-July production groups in this province had plowed over 26,000 hectares of ricefields, sown over 200 hectares of rice seeds, and broadcast more than 7,800 hectares of floating rice. The province also planned to grow 2,200 hectares of IR-36 rice, the radio adds. SPK in French at 0413 GMT on 2 August reports that by mid-July peasants of Kandal Stoeng District had tilled more than 6,400 hectares of land, sowed more than 2,000 hectares, and reaped more than 1,300 hectares out of the 12,800 hectares planned for this rainy season. In another report broadcast at 1300 GMT on 2 August, Phnom Penh radio says that by mid-July peasants of Phnom Penh district tilled over 3,000 hectares of land and transplanted over 100 hectares of rice.

Kompong Cham Province: SPK English at 1109 GMT on 5 August reports that "peasants in Cheung Prey District had by mid-July planted 9,500 hectares of rice, including 8,000 hectares of floating rice; the district now has a total of 33,000 head of cattle, an increase of 5 percent over last year."

Kompong Chhnang Province: Phnom Penh SPK in English at 1109 GMT on 5 August reports that "by the end of July solidarity groups in Kompong Chhnang Province had plowed 14,000 hectares, put floating rice on 5,400 hectares, and raised rice seedlings on 3,100 hectares; they covered industrial and subsidiary food crops on 2,000 hectares." Phnom Penh Domestic Service in Cambodian at 0430 GMT on 31 July reports that production groups in Rolea P'ier District had plowed over 6,500 hectares, sowed over 620 hectares of seeds, broadcast over 379 hectares of rice, and grown over 1,556 hectares of floating rice by 20 July.

Kompong Thom Province: Phnom Penh radio at 1300 GMT on 2 August notes that the Provincial Trade Service brought over 35,000 metric tons of paddy from peasants during the 1st half of the year.

Koh Kong Province: Phnom Penh SPK in French at 0422 GMT on 3 August reports that local peasants plowed more than 600 hectares and broadcast more than 2,200 hectares of rice as well as over 1,000 hectares of subsidiary and industrial crops. The province now has 6,000 head of cattle and more than 3,000 pigs, the news agency says.

Kratie Province: Phnom Penh Domestic Service in Cambodian at 0430 GMT on 1 August carries a station correspondent's interview with Provincial Party Committee Secretary Nhem Heng, who revealed that the province plans to grow crops on 30,000 hectares of land, including 22,000 hectares of rice. SPK English at 1109 GMT on 5 August says: "The mountainous province of Kratie plans to grow 17,000 hectares of rice for this monsoon. Late last month, the peasants had put some 2,000 hectares under rice. They also covered 2,000 hectares with maize, 800 hectares with sesame, and 360 others with beans, groundnuts, and sugarcane. Meanwhile, the veterinary service helped them immunize 60,000 head of cattle."

Phnom Penh radio also reports at 0430 GMT on 30 July that Sambo District had retilled over 2,000 hectares of fields, sowed nearly 12,000 bushels of late and early rice seeds, transplanted 636 hectares of rice seedlings, and grown 300 hectares of subsidiary crops. In another report, at 0430 GMT on 3 August the radio says that by mid-July peasants of Snuol District had retilled over 300 hectares of land; sowed over 1,300 hectares of early and late rice; transplanted and planted over 400 hectares of slash-and-burn rice; and planted hundreds of hectares of corn, beans, and sesame.

Prey Veng Province: Phnom Penh radio at 0430 GMT on 1 August reports that by the end of June, peasants in close cooperation with tractor operators had retilled over 38,000 hectares of land. They sowed over 8,900 hectares of various types of rice; transplanted 4,200 hectares of rice; and planted thousands of hectares of subsidiary crops. In its 1300 GMT cast on 1 August, the radio also reports that the trade service of Peam Ro District had purchased over 2,900 metric tons of rice or 2,000 metric tons above plan by 30 June.

Pursat Province: Phnom Penh SPK in English at 1109 GMT on 5 August reports: "By mid-July, solidarity groups in Pursat Province had ploughed 21,000 hectares, a four-fold increase over the same period last year. They nursed 3,560 hectares of rice seedlings, sowed 8,000 hectares of floating rice, and transplanted 2,000 hectares of rice. Moreover they put hundreds of hectares under subsidiary food crops. Leading was the district of Kandieng which sowed floating rice on nearly 3,500 hectares, topping the plan by 100 hectares. The province plans to cultivate 9,000 hectares of rice, including 15,000 hectares of high-yielding IR-36 rice variety."

Phnom Penh SPK in French at 0422 GMT on 3 August reports that by the end of July peasants of Kandieng District had plowed 5,000 hectares and sowed more than 3,600 hectares, including 3,000 hectares of floating rice, out of a 13,400 hectare plan set for this monsoon.

Svay Rieng Province: Phnom Penh SPK in French at 0413 GMT on 2 August reports that the Provincial Veterinary Service had vaccinated 18,000 head of cattle during the 1st half of the year and that there are 101,850 head of oxen and water buffalo in the province. Phnom Penh Domestic Service at 1300 GMT on 1 August reports that over 9,800 hectares of ricefields had been tilled, nearly 1,500 hectares of rice seeds sown, over 500 hectares broadcast, and nearly 300 hectares transplanted in Kompong Rou District.

Takeo Province: Phnom Penh radio at 0430 GMT on 30 July reports that over 45,600 hectares of ricefields had been retilled; over 2,000 hectares, including 1,300 hectares of early, ordinary, and late rice, had been sown or transplanted; and over 14,000 hectares of broadcast rice, or 63 percent of plan, planted. In another report, Phnom Penh radio at 2300 GMT on 3 August says that from the beginning of the rainy season to early July, peasants in this province had tilled nearly 29,000 hectares of land including over 10,000 hectares by tractor, sowed 2,000 hectares of rice, transplanted 1,400 hectares of ordinary, early, and IR-36 rice, transplanted 1,400 hectares of ordinary, early, and IR-36 rice, broadcast over 10,000 hectares of floating rice, and planted over 10,000 hectares of floating rice, and planted over 8,000 hectares of industrial and subsidiary food crops.

Phnom Penh radio at 0430 GMT on 2 August reports that by the end of July, 10,000 hectares of land had been tilled by peasants in Prey Kabbas District. Almost 4,000 hectares of floating rice had been broadcast and 300 hectares of ordinary rice sown, the radio adds.

FRG TV INTERVIEWS KAMPUCHEA'S SIHANOUK

DW061043 Mainz ZDF Television Network in German 2005 GMT 2 Aug 84

[Interview with Kampuchean Prince Sihanouk by Peter Schier in Kampuchea; in English with superimposed German translation, recorded; date not given]

[Text] [Schier] How much of the country's territory is under control of the resistance coalition?

[Sihanouk] According to the Joint General Staff, particularly during the rainy season that ended in November, we brought about one-third of Kampuchea's territory under our control. We have secured zones close to the Thai border, in the southwest of Kampuchea, near the sea -- the Gulf of Thailand -- and in the provinces of Battambang and Siem Reap. In the northwest and northeast, we are succeeding in liberating some villages. Some of these villages are deep inside Kampuchea -- villages near lake Tonle Sap, near Laos, and near South Vietnam itself.

[Schier] The strongest force in the resistance is the Khmer Rouge. If they ever return to power, must it not be feared that they will again resort to their policy of genocide as they did after they won in 1975? What can you do to prevent this?

[Sihanouk] We have to be realistic as far as the situation in Kampuchea is concerned. The situation in Kampuchea will never be the same as the one we faced in 1975 when the Americans decided to withdraw completely from Indochina. The Khmer Rouge were then in a position to be the only masters in Kampuchea because at the time Vietnam was not an enemy, but an ally. At the end of 1977 they had disputes with Vietnam, and the situation changed completely. Vietnam is now the mortal enemy of the Khmer Rouge. Vietnam will not allow the Khmer rouge to return to power, and we, the Armed Forces of our coalition, will never be strong enough to take entire provinces and liberate towns.

So I see a protracted war, but a war without losers because we cannot lose; it will also be a war without winners because we cannot win. So at the moment there is no question of Pol Pot and his supporters' return to power in Phnom Penh. For many, many years to come, I do not think we should occupy ourselves with the question of the Khmer Rouge. Rather, we must concentrate on the Vietnamese danger. Kampuchea is being Vietnamized culturally and physically because there is an increasing number of settlers who are taking our land. There will be an increasing number of mixed marriages between Vietnamese girls and Kampuchean boys, and between Kampuchean girls and Vietnamese boys. So the most mortal danger for us now is Vietnam and not the Khmer Rouge.

If an international conference on Kampuchea is ever held, we can imagine that China, the Soviets, and the Vietnamese will try to find a compromise, such as a neutralization of Kampuchea with general elections under UN supervision without any threat from anyone. Thus, if the Kampuchean people are allowed to freely elect their leaders and government, then not the Khmer Rouge, but the nationalists, will gain power. However, such a solution is mere wishful thinking. The fact is that the Vietnamese and the Russians are not ready for compromises in Kampuchea; rather, they want to stay in Kampuchea.

So for us the question is not one of the Khmer Rouge. I repeat that from now on it is a question of the Vietnamese and the Russians. The danger comes from Hanoi and Moscow, not from Pol Pot. Our people have now changed their minds. They increasingly accept the Khmer Rouge. In the villages of the occupied territories, the people are increasingly assisting the Khmer Rouge. It is not only the nationalists, but also the Khmer Rouge who are welcome because our people know that the most mortal danger for the country's future is the Vietnamization of Kampuchea.

VODK REJECTS AUSTRALIAN REGIONAL DIALOGUE CALL

BK070434 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 6 Aug 84

[Station commentary: "The Kampuchean Problem Can Be Solved Only After Vietnam Withdraws All of Its Aggressor Troops From Kampuchea in Accordance With the UN General Assembly Resolutions"]

[Text] The Le Duan Vietnamese enemy aggressors have been busily launching maneuvers in an attempt to persuade the ASEAN countries to hold a regional dialogue with their so-called group of Indochinese countries. Despite the fact that the Le Duan Vietnamese enemy aggressors have repeatedly peddled this regional dialogue maneuver, the ASEAN countries have resolutely refused to hold the so-called regional dialogue with Vietnam.

Australia recently proposed holding a dialogue in Australia between the ASEAN countries on one side and Vietnam and Laos on the other. However, the ASEAN countries again firmly rejected this proposal for regional dialogue. This is because, on the one hand, the ASEAN countries are afraid that Vietnam, which has not showed its good intention to solve the Kampuchean problem through the unconditional withdrawal of Vietnamese aggressor troops from Kampuchea in accordance with the UN resolutions, would use this regional dialogue as a platform for propagating the Vietnamese maneuvers. On the other hand, the ASEAN countries believe that to hold regional dialogue with Vietnam is tantamount to recognizing the puppet regime installed in Phnom Penh by the Vietnamese enemy aggressors and, through this, recognizing and accepting the Vietnamese aggression in Kampuchea as a fait accompli. This stand of the ASEAN countries in rejecting the regional dialogue proposed by Vietnam as well as by Australia is correct, just, and in line with the principles of the law governing relations among states and with those of the UN Charter.

The Kampuchean problem must be solved through the total and unconditional withdrawal of the Vietnamese troops from Kampuchea owing to the fact that this problem was caused by the Vietnamese invasion and occupation, with hundreds of thousands of Vietnamese troops, of Kampuchea -- an independent and sovereign state which is a full-fledged member of the United Nations. Can the Kampuchean problem be solved without uttering a word about the withdrawal of Vietnamese troops from Kampuchea? No, it is absolutely impossible. Such a settlement is only an attempt to divert the problem of Vietnamese aggression against Kampuchea into a regional problem between the ASEAN countries and the so-called group of Indochinese countries. It is also an attempt to bury the UN resolutions demanding the total withdrawal of Vietnamese troops from Kampuchea and to legitimize the Vietnamese aggression in Kampuchea.

Therefore, the proposal for regional dialogue made by Vietnam -- or any other countries -- without mentioning the withdrawal of Vietnamese troops from Kampuchea is not really aimed at solving the Kampuchean problem. It is just a scheme to numb world public opinion and lull the Kampuchean people, who are fighting vigorously against the Vietnamese enemy aggressors, into abandoning their struggle and waiting for peace at Vietnam's mercy.

Thus, this proposal cannot solve the Kampuchean problem. On the contrary, it will become an award to the Vietnamese enemy aggressors, encouraging them even more and giving them time to draw a breath, postpone their defeat on the Kampuchean battlefield, redress their difficult situation on the Kampuchean battlefield, and strengthen their position so that they could forever occupy Kampuchea and move forward in accordance with their strategy of aggression and expansion and their Soviet bosses' global expansion strategy in this region. This proposal is also a screen for concealing the Vietnamese aggression in Kampuchea.

It may also be called the adornment for turning the Hanoi Vietnamese from being the aggressors and occupiers of Kampuchea and the ones who destroy peace in this region into the dialogue partners in the negotiations to seek regional peace.

Thus, it is correct for the ASEAN countries to reject the regional dialogue maneuver launched by Vietnam and its accomplices. We hope that the ASEAN countries will further adhere to this correct, just, and principled stand on the Kampuchean problem. The only way to force Vietnam to withdraw all of its aggressor troops from Kampuchea in accordance with the five UN General Assembly resolutions is to stand firm on the principles of law governing relations among states and those of the UN Charter and the UN resolutions on Kampuchea as the ASEAN and the peace- and justice-loving countries throughout the world have done continuously and to jointly put all kinds of pressures on the Vietnamese enemy aggressors so that, together with the struggle waged by the Kampuchean people and the CCDK which are fighting vigorously against the Vietnamese enemy aggressors on the battlefield, the Vietnamese enemy aggressors sustain even more serious difficulties to an unbearable point.

Only after Vietnam withdraws all of its troops from Kampuchea can the Kampuchean problem be solved and can Kampuchea and Southeast Asia again enjoy peace and security. This will also be favorable to the defense of peace, security, and stability in Southeast Asia, the Asian-Pacific region, and elsewhere in the world.

SIHANOUK FORCES STATEMENT CLAIMS 46 CAPTURED

BK061250 Hong Kong AFP in English 1241 GMT 6 Aug 84

[Text] Bangkok, Aug 6 (AFP) -- Troops loyal to Prince Norodom Sihanouk destroyed a three-gun anti-aircraft battery and knocked out three trucks and two artillery pieces in raids on Vietnamese-held positions in northwest Cambodia last week, a communique said today.

The prince's office here said Sihanoukist forces killed six "enemy" soldiers and wounded 10 others in the attacks last Thursday and Friday against positions at O-Smach, a former Sihanoukist base, and Mount Sruoch, both in Oddar Meanchey Province.

The Armee Nationale Sihanoukienne (ANS) also captured 46 soldiers of the Hanoi-backed Phnom Penh army, including two commanders, and a wide range of small arms and other military hardware, the statement said.

KPL REPORT ON BORDER NEGOTIATIONS IN BANGKOK

BK081002 Vientiane KPL in English 0938 GMT 8 Aug 84

[Text] Vientiane, August 08 (OANA-KPL) -- The unconditional withdrawal of Thai troops from the three Lao borderline hamlets and hence ensuring the normalization of the situation of the three said hamlets as it used to be before June 6, 1984, is the only correct measure that should be taken by Thailand in order to settle the Lao-Thai border incident, emphasized Souban Salitthilat, head of Lao delegation, at Lao-Thai negotiation for peaceful settlement of border conflict opened yesterday in Bangkok.

At the Lao-Thai talks, the head of the Lao governmental delegation also demanded the Thai side to release the Lao local people detained by Thai troops and to let them to resettle in their native hamlets. He further demanded the Thai side to pay for damages caused by Thai troops.

After the negotiation, Thonglai Kommasit, spokesman of the Lao delegation, said to Thai mass media that the Lao delegation of governmental level arrived in Bangkok to assist in Lao-Thai border negotiation as proposed by Thai side, in order to solve issue on the Thai illegal occupation of the three Lao hamlets in Paklai District of Sayaboury Province since June 1984.

"Both sides have discussed various issues but nothing can be solved," said Thonglai Kommasit.

The spokesman of the Lao delegation also informed the Thai media that his delegation has brought along separate messages of the Lao president and of the chairman of the Ministers' Council of the Lao PDR sending to his majesty the king and prime minister of Thailand.

PASASON EDITORIAL ON CONTROLLING PRIVATE TRADERS

BK071041 Vientiane Domestic Service in Lao 1400 GMT 3 Aug 84

[PASASON 3 August editorial: "Trading Should Be Appropriately Carried Out"]

[Text] At present, there remain a large number of private traders in our society. At a time when our economy still remains diversified and small-scale production is developing, the existence of these persons at any levels is unavoidable, especially during the period of bypassing capitalism to socialism. However, private traders should carry out their activities in a just manner and under the genuine inspection and control of the socialist state.

Lately, after studying the state policy on taxes and duties, such as the law on industrial duties and private trading, a large number of private traders have come to understand the just and correct policy of our party and state, to understand clearly that their individual interests are linked to the common interests of the entire country, and to know fully their obligations to contribute to the tasks of defending and building the country into a prosperous and rich entity. As a result, they have voluntarily registered the quantity of goods in their possession and their business revenues in a correct and appropriate manner. The work of managing and transforming private trading enterprises, such as in Vientiane municipality, has scored some fundamental achievements, thus resulting in the reduction of illegal and illegitimate trading activities and contributing to restoring discipline in the circulation and distribution of goods. At the same time, socialist-type trading is also gradually making progress in controlling trading activities and stabilizing prices.

The progress in the work of managing and transforming private trading shows that under the present conditions, we are capable of advancing gradually to become the masters of the markets provided there is continual sound coordination between the intensification of management and the transformation of private trading and the development of the state and collective trade network through the effective organization of actual implementation. Nevertheless, a number of problems remain in the coordination between management and transformation of private trading.

In certain localities, emphasis has been placed on both aspects, while some other localities emphasize one or the other of them. As a result, the reorganization of private trading activities can be achieved only for a limited period of time before the status quo returns. This has resulted in rapid development of free marketing, and the emergence of a sense of discouragement on many instances. At the same time, the number of private trading operators is increasing to carry out free trading enterprises. A number of private traders are still concealing the facts about the quantity of goods in their possession and the actual amount of capital they possess, are hoarding goods, and are trying to avoid registration of their business transactions. As a result, they may resort to engaging in illegal trading activities. Even though the authorities of the services concerned and the traders themselves have agreed to fix prices of goods, the latter still sell such goods at arbitrary prices, meaning inflated prices, or hoard them for profiteering. In certain localities, state goods are even purchased by private traders for resale at free prices without state control and management. As a result, a confusing, chaotic situation has emerged in the markets and the pricing system.

These discrepancies not only run counter to the policy of our party and state, but have also seriously affected the living conditions of the people of all tribes. At the same time, they have paved the way for the enemies to sabotage our new regime. Therefore, all services concerned are requested to step up the management, transformation, and reorganization of private trading enterprises to become well-disciplined and well-organized businesses. These services must coordinate with one another in this work. While simultaneously restoring discipline in the markets with good organization and expanding and strengthening the socialist trading network, perseverance and determination must be exercised in classifying and reorganizing private trading enterprises, including those who are authorized to deal with state goods.

Retail traders must be gradually organized into units and trading cooperatives which must constantly engage in management training courses. At the same time, all favorable conditions must be created to encourage private traders to turn to production enterprises or service work. In addition, the management in the administrative aspect must be stepped up. Any traders dealing in any kinds of goods anywhere and under any forms must adhere completely to the state law on goods circulation and market management, such as the registration of business enterprises, the registration of goods stamps, the fixing of prices, the enforcement of the tax and duty system, and the regulations in managing cash, credits, and other services.

The urgent issue in the work of marketing management is that everyone must be vigilant and acts as the eyes and ears of the state to eliminate and check illegal trading, tax evasion, embezzlement of state property, and establishing arbitrary prices of goods with the aim of creating confusion in the markets and disturbances in our society. Another important method is to implement continually the measures on state control and supervision stipulated in various regulations and laws and to enhance the people's sense of collective mastery with a view to concentrating efforts on transforming and managing private trading enterprises into a part of a well-organized marketing system.

CABINET ISSUES DECREE ON POPULATION CENSUS

BK061547 Vientiane Domestic Service in Lao 1400 GMT 2 Aug 84

[27 July decree of LPDR Council of Ministers, signed by Kaysone Phomvihan, on 1985 nationwide population census]

[Text] Pursuant to Decree No. 040/PSL dated 11 April 1984, to allow the nationwide population census to be conducted in a correct manner in 1985, the Council of Ministers has decided as follows:

Article 1: Objective and Expectation

The population census is aimed at collecting precise data as a basis for the work of state management, economic management, national defense, population registration, and household registration management throughout the country.

Article 2: Scope, Objective, and Key Census Targets

Everyone who regularly lives within the boundaries of the LPDR must be registered -- whether Lao or foreign -- except foreign diplomats and experts and Lao citizens who have been designated to take up permanent diplomatic posts or to study for a lengthy period in foreign countries. The key census targets are all families and collective houses.

Article 3: Contents of Census

The following fundamental data must be collected in the census:

- (1) The total population throughout the country.
- (2) Breakdown, of the population by sex and age.
- (3) Breakdown of the population by tribe.
- (4) The people's cultural standard.
- (5) The categories of labor forces in accordance with categories in the national economy and the classification of working and nonworking age groups.
- (6) The number of citizens in the working age group but unable to work.

These data must be tallied and evaluated at the key administrative units at various levels both in the urban and rural areas.

Article 4: Census Movement and Period of Census

The uniform nationwide population census movement begins at 0000 on 1 March 1985. The period of census spans 7 days from 1 to 7 March 1985. During this period, the population census work will become the central, urgent task, which must be effectively fulfilled.

Article 5: Method for Conducting the Census

The census will be conducted by the method of direct interviews. This means that the census taker must visit each family or collective house to interview everyone who regularly lives there and write down the answers in the checklist on the population census questionnaire form. As for the family, the head or a representative of the family must be interviewed concerning the condition of all members of that family. As for collective houses, their residents must be individually interviewed to acquire answers to be filled in on the census questionnaire form: Answers are not to be acquired on each resident through a person in charge of that collective house.

In a locality where domicile registration has already been conducted, the document on domicile registration of that family will be used only as a basis for conducting an interview. It is strictly prohibited to rely on the information on the document for recording directly on the population census questionnaire form. During the period of the census, if no members of the family or collective house are available for interviews, the census taker may interview an acquaintance of the members of that family or collective house and collect their biographical data from available documents, such as a birth certificate, household registration card, employee's biographical record, and other documents as a basis for recording them on the population census form. After the data information has been recorded on the population census form, the census interviewer must read it out in detail to the head of the family or the residents of the collective house for acknowledgement.

Each day, the census taker must review the filled-in population census forms. The head of the family must also review every form filled in on that day. If the data is incorrect or unavailable, prompt action to rectify the situation must be taken.

The population census form must be prepared in duplicate. One copy of this form must be kept with the family as a family record while the other will be sent to the higher level for tallying the total population.

Article 6: The Population Census Guidance Committee and Its Responsibilities at Various Levels

To carry out the population census effectively, the Council of Ministers has assigned the responsibilities to the Population Census Committees at each level as follows:

(1) The central level: The Population Census Guidance Committee at the central level is in charge of providing all-round guidance to the nationwide population census campaigns and is responsible to the Council of Ministers. This committee is composed of five members as follows: Comrade Sali Vongkhamso, vice chairman of the Council of Ministers and chairman of the State Planning Committee, chairman; Comrade Asang Laoli, deputy minister of the central-level tribes committee, member; Comrade Osakan Thammatheva, deputy minister of national defense, member; and Comrade Bountiam Phitsamai, acting minister of education, member.

The central-level Population Census Guidance Committee has a permanent office for auxiliary work and its own emblem. This office is staffed with cadres from the State Planning Committee, the Interior Ministry, the National Defense Ministry, the Education Ministry, the Ministry of Finance, and the State Board of News Bulletins, Newspapers, Radio and Television.

(2) The local level: The comrade chairmen of the administrative committees at all levels -- province, district, and canton -- must be responsible for all tasks of the population census carried out under their respective jurisdiction from the period of making preparations until the period of evaluation and tallying of the census results. To help the administrative committees at all levels -- province, district, and canton -- in guiding these tasks, the province, district, and canton must urgently set up the Population Census Guidance Committees at their respective levels after receiving this decree and must set up the offices for population census guidance at their respective levels to be auxiliary staffs.

The provincial and district levels: At the provincial and district levels, the chairman or deputy chairman of the administrative committee acts as chairman and the head of the Statistics Planning Service as deputy chairman of the Population Census Guidance Committee. Members of the committee are the heads of the Public Security Service, the Education Service, the Finance Service, the Information Service, and the Tribes Service. Staff members of the Offices of Population Census Guidance at the provincial and district levels will be recruited from the services concerned in each locality in accordance with the regulations set by the central-level Population Census Guidance Committee.

The Offices of Population Census Guidance at the provincial and district levels must have their own separate emblems for their work. At the provincial level, the Office of Population Census Guidance must have a sufficient number of cadres for inspecting and assisting the work in every district. By the same token, the Office of Population Census Guidance at the district level must have a sufficient number of cadres for inspecting and assisting the work in every canton.

The canton level: At the canton level, the Population Census Guidance Committee consists of the chairman of the Canton Administrative Committee as head, and chairman of all villages as members. The Population Census Guidance Committee at the canton level will not have its own office of population census guidance. In carrying out the work, one member of the administrative committee will take a direct charge. Each canton will have a unit of population census takers, each of whom will on an average be in charge of interviewing an estimated 300 citizens.

(3) The central-level Population Census Guidance Committee is assigned to coordinate with the Ministry of National Defense, the Ministry of the Interior, and the Ministry of National Defense, the Ministry of the Interior, and the Ministry for Foreign Affairs to work out a specific population census model and to tally and evaluate the census outcome. Each ministry must directly manage this work by itself. After completing the census, the minister of each ministry must send the result of the tally and evaluation to the vice chairman of the central-level Population Census Guidance Committee, who is charged with this work, to tally and evaluate the total data collected throughout the country.

(4) All the ministries, the state committees, and the mass organizations at the central level must issue instructions to cadres under their jurisdiction to contribute actively to the conducting of the population census in conformity with the guidance of the Population Census Guidance Committee in each locality.

(5) The Finance Ministry is assigned to make allocations for conducting the population census at the central and local levels. At the same time, it must coordinate with the central-level Population Census Guidance Committee to advise the Population Census Guidance Committee at each level to manage and utilize the allocations correctly and in a timely manner and with a sense of thrift by avoiding unnecessary expenses.

The Ministry of Culture is assigned to acquire promptly sufficient stationery supplies and to print documents, population census forms, and tally tables for the census. The Ministry of Equipment and Technics, the Ministry of Transport and Posts, the Ministry of National Defense, and the Ministry of Trade are assigned to acquire necessary supplies to meet the needs of the population census, such as fuel, transport vehicles, communications equipment, food supplies, and other materials.

The central-level Population Census Guidance Committee is assigned to coordinate with the Ministry of National Defense and the Ministry of the Interior to work out a plan to provide security to the population census work, especially for the population census forms that have been filled in with data and the tables for tallying and evaluating the outcome of the population census.

(6) The ministers of all the ministries, the chairmen of all the state committees, and the chairmen of all the municipal and provincial administrative committees are instructed to implement this decree strictly in accordance with the population census plan of the central-level Population Census Guidance Committee attached to this decree.

Article 7: This decree is in effect on the date it is affixed with this signature.

[Dated] Vientiane, 27 July 1984

[Signed] Kaysone Phomvihan, chairman of the Council of Ministers

DEPUTY EDUCATION MINISTER'S DEATH REPORTED

BK080416 Vientiane Domestic Service in Lao 1400 GMT 7 Aug 84

[Education Ministry Press Release dated 7 August]

[Text] The Education Ministry regrets to inform all educational cadres, teachers, students, and schoolchildren throughout the country as well as all relatives that Outtama Chounlamani, deputy minister of education, 66 years of age, passed away due to an ailment at 1200 on 7 August 1984 after a team of doctors, organizations and relatives paid utmost attention to providing him with the best medical treatment and care.

The remains of Outtama Chounlamani have been placed at the club hall of the Scientific and Educational Compilation Committee attached to the Education Ministry.

[Signed] Funeral Ceremony Organizing Committee

[Dated] Vientiane, 7 August 1984

SOUPHANOUVONG MOURNS DEATH OF SPC MEMBER

BK071330 Vientiane Domestic Service in Lao 0500 GMT 6 Aug 84

[Text] On the afternoon of 5 August, Souphanouvong, president of the republic and chairman of the SPC, laid a wreath at the remains of Houmpheng Soukhaseum, member of the SPC, committee member of the Presidential Office and office of the SPC, and chief of the Financial Management Department, who died of old age at his residence at 2300 on 3 August at the age of 70. The remains of Houmpheng Soukhaseum have been placed in the SPC office in Vientiane. Cremation rites will be organized on Wednesday, 8 August.

Accompanying President Souphanouvong to lay a wreath to mourn the death of Houmpheng Soukhaseum were Leum Insisiangmai, member of the SPC Standing Committee, and Thongdam Chanthaphon, deputy minister and chief of the Presidential Office and of the SPC office.

FURTHER REPORTAGE ON LAO BORDER TALKS 7 AUG

'Progress' Noted

BK071414 Bangkok Domestic Service in Thai 1200 GMT 7 Aug 84

[Text] Deputy Director General of the Information Department Rangsan Phahonyothin and Deputy Director General of the Political Department Chawat Atthayuk reported this afternoon at the Erawan Hotel on the outcome of talks between the Thai and Lao delegations to solve the problem of border villages in Uttaradit Province.

In the morning talks were held between the delegations of both sides. The Thai delegation was led by Permanent Secretary of the Foreign Ministry Asa Sarasin. The Lao delegation was led by Deputy Foreign Minister Souban Salitthilat. There was an agreement during the morning session that both sides would exchange their respective documents and evidence, including maps, for further study. The afternoon talks began at 1530 and lasted about an hour. The talks were held between the technical committees of both sides, the first of its kind.

Although the delegations of Thailand and Laos reaffirmed their original stance on the issue during the second round of talks, the talks were marked by a favorable atmosphere and by progress -- that is there were talks between the technical committees and a proposal for an exchange of evidence. Thailand reaffirmed its stand to hold talks with Laos based on the principle of correctness and justice. On the question of borderline, Thailand cited the treaty concluded with France in 1907 which considers the watershed as the borderline. The areas where waterways flow to the Mekong river are considered belonging to Laos. The areas where waterways flow to the Chao Phraya River are considered belonging to Thailand. In order to solve the current dispute, a survey should be made to define and determine the location of the watershed. Thailand proposed that a survey of the area be made by a team of technical officials. The talks are still inconclusive.

'No Headway' in Second Round

BK080038 Bangkok BANGKOK POST in English 8 Aug 84 p 2

[Text] Thailand and Laos made no headway yesterday in the second round of talks on the border dispute during which their technical teams met for the first time. Both sides, backed with border maps and treaties, firmly stood by their claims to three border villages, which Thailand says are in Uttaradit Province. But they agreed to hold more talks to further discuss the technicalities of the border demarcation which they rejected in an hour-long negotiation yesterday. The date of the border demarcation which they rejected in an hour-long negotiation yesterday. The date of the next meeting has yet to be fixed, however.

The Laotian technical team was led by Thonglai Kommasit, chief of the National Defense Ministry's Foreign Relations Division, while the Thai team was headed by National Security Council Deputy Secretary Gen Suwit Suthanukun.

Mr Thonglai told reporters after the meeting that his team had three pieces of evidence to back the Laotian claim -- the villages' history, their administration records and a border treaty and map made with France in 1893 and 1907 respectively.

Chawat Atthayuk, deputy chief of the Thai Political Department, and deputy spokesman Rangsan Phahonyothin, backed the Thai claim with modern border maps based on the Franco-Thai border treaty made in 1907.

The treaty -- a revised version of the 1904 agreement between Thailand and France -- stated in its second clause that the Thai-Lao border was divided by the watershed.

The Thai map was based on aerial pictures, a map-making technique recognised as the most advanced, said the Thai officials.

While the Laotian team described the Thai map as only a "Thai-made" version, the Thais countered that the Laotian "history" of the three villages was just "folk-tales."

The Thai officials said that since Thailand accepted into consideration the Laotian claim to the three villages, Laos should do likewise. The officials said a chance still remained that the question of who had sovereignty over the three villages could still be settled as Laotian Deputy Foreign Minister Souban Salitthilat himself stressed in his July 24 statement that Laos also recognised the border demarcation method based on the watershed. They added that the Thai proposal for the joint technical committee to inspect the disputed area to determine the actual border line should be regarded by both sides as the fairest.

Thailand has also suggested that the three villages be declared a demilitarised zone to pave way for the border inspection, a proposal which Laos has rejected.

Mr Thonglai said yesterday that in Laos' view an agreement should be reached at the negotiating table before any inspection of the disputed area took place. Mr Thonglai also quoted Mr Souban as saying that he had two separate messages from Laotian head of state Prince Souphanouvong and Prime Minister Kayson Phomvihan for his majesty the king and Prime Minister Prem Tinsulanon.

But the Thai officials said permission to deliver the messages would depend on the outcome of the talks.

Technical Talks Held

BK080108 Bangkok THE NATION REVIEW in English 8 Aug 84 p 5

[Excerpt] Thailand yesterday held the first round of a technical meeting with Laos to discuss legal evidence on the border dispute, and suggested that she would welcome a joint technical team to survey the disputed terrain, although both sides still did not agree on how to ease the border tension.

Chawat Atthayuk, deputy director general of the Political Department, told a news conference at the end of the technical meeting that a visit to the area by a joint technical team was necessary to prove whether the three villages are on Thai soil. He said that the Thai side believes that the principle of watershed, enshrined in the second provision of the 1904 French-Siamese agreement, was the yardstick to solve the issue. "If both sides agreed upon a watershed from which a river flows through the three villages and agreed which a river flows which of the rivers -- the Mekong or the Chao Phraya Rivers -- the branch river flows to, we could resolve the issue," he said. [sentence as published] He cited the French-Siamese pact as saying that if a river flows from a watershed to the Mekong River, the areas on the bank of the river would be on Lao soil, and if it flows to the other river, the areas would be on Thai territory.

Chawat said that the Thai map, which was displayed at the talks, had been drawn up by the Royal Thai Survey Department from aerial photos and other modern methods. The Thai map shows that Ban Kang and Ban Savang villages are on Thai soil while the other disputed village, Ban Mai, straddles the borderline.

However, Thonglai Kommasit, chief of the foreign relations division of the Lao Interior Ministry, said that Laos also agreed that the principle of watershed should be standard used to solve the dispute, but asserted that the river which flows from Phu Salang through the three villages ends at the Mekong River. He identified the river as Lam Nan Phun.

Thonglai said the Thai side proposed during the technical meeting that a joint technical team visit the area to solve the question. But he said the Lao side had not agreed because the Laotians believed that the visit should come after technical discussions reach an agreement. He said both sides agreed to pursue technical talks.

THAI RAT EDITORIAL ON FOREIGN MINISTER'S PRC TRIP

BK071201 Bangkok THAI RAT in Thai 2 Aug 84 p 3

[Editorial: "Thai-Chinese Relations"]

[Text] Thai Foreign Minister Sitthi Sawetsila recently returned to Thailand from his official visit to China. He said he had talks with important Chinese leaders such as General Secretary of the Chinese Communist Party Hu Yaobang, the Chinese foreign minister, and the Chinese premier on trade and economic cooperation between the two countries.

Ten years have passed since Thailand established diplomatic relations with China. The Thai Embassy in Beijing has a plan to celebrate the 10th anniversary of these relations, which have been smooth and have been marked by successful economic and technical cooperation. The Thai foreign minister's trip was also a successful one during which both sides joined in a trade agreement under which the Chinese will buy Thai corn and natural rubber. Although the volume of these products sold to China is still limited, it is believed that in the future bilateral trade will be further developed.

The Chinese have invited Thai businessmen to invest in what they call an international joint venture, including hotels and in the Special Economic Zones. Meanwhile, Thailand should consider the possibilities of investments in China, instead of only trying to sell Thai products. China is a big market with more than 1,000 million people. Chinese purchasing power has increased during the past 4 years because the Chinese Government is bent on achieving the four modernizations following Deng Xiaoping's new policy. The atmosphere in China should benefit economic development, like what we have seen from the industry and technological development exhibitions. So it is incorrect to see China as a sleeping lion.

On international cooperation, we have said that political affairs should be separated from trade. Our trade with China shows that China has lived up to this statement. Zhao Ziyang once told a Thai newspaper delegation that the principle of peaceful coexistence is reflected in the fact that Thailand and China have established friendly relations and coexisted peacefully despite their different social and economic systems. This shows that China is striving for development and looking for more friends in the international community.

These relations will be lasting and smooth if both sides respect each other's sovereignty and territorial integrity, as the Chinese have always stressed. The Thai foreign minister's trip to China has not only shown that both countries pursue the same policy of creating peace for this region, but it has also succeeded in trade relations and in strengthening cultural and technical cooperation in order to promote better understanding between the two peoples.

BANGKOK POST VIEWS SRV ARTILLERY ON KHMER FRONT

BK080229 Bangkok BANGKOK POST in English 8 Aug 84 p 5

[By Jacques Bekaert]

[Text] Vietnamese troops have moved up to six pieces of 105mm and 130mm artillery to Prey Phdau, about 15 kilometres from the Khmer People's National Liberation Front [KPNLF] base at Ampil, according to a senior KPNLF official.

The arrival of the artillery meant that the Vietnamese would be able to reinforce their pressure on the KPNLF base, which Hanoi troops failed to capture last April, the source said. A Vietnamese battalion, probably from the 5th division, still remains near Ampil Lake and fresh supplies have been sent to Vietnamese frontline troops.

Western diplomatic sources also reported increased patrol activities in the area. However, they agreed that there was still no conclusive evidence that Vietnam was preparing a fresh rainy season offensive.

The recent shelling of the KPNLF base of O'Bok, opposite Thailand's Buri Ram Province, was regarded as an isolated incident which could have been triggered by KPNLF military activities in front of the camp. During the shelling of the KPNLF base, Vietnamese gunners apparently wanted only to confine the resistance guerrillas to their base. No infantry assault followed the shelling, which injured only two civilians. The KPNLF troops are now in full control of the base although the civilian population has not yet returned. What worries some of the observers is the fact that about 16,000 Kampuchean civilians have decided to leave the safety evacuation Site 1 to return to the Ampil base.

In the past Hanoi troops have capitalized on civilian panic created by sudden shelling to take over a camp. This tactic worked in 1983 both in Nong Chan and in the Sihanoukist base of O'Smach.

Fighting has been going on for weeks now in front of Nong Chan, another KPNLF base. Most of the fighting takes place near Ang Kamseng, about 10 km from the main base. "What the Vietnamese are trying to do is obviously to push us back against the border," said a KPNLAF source. It is probably one of the major Vietnamese tactics this year to try to drive most of the resistance fighters operating inside Kampuchea back to the border area. But the tactic partially failed last March and April. In recent weeks the Vietnamese, with assistance from the Khmer People's Republic Armed Forces (KPRAF, or the so-called Heng Samrin army) have dug in along the border instead of retreating further away for the duration of the rainy season. This strategy is not without risk, as indicated by the large number of defectors from the KPRAF ranks. In the Tatum-Green Hill area, most of the initiative so far seems to remain in the hand of the National Sihanoukist Army (ANS). In a recent attack the ANS troops managed to capture a strategic hill, Phnom Sruoch, near their former base of O'Smach. Mortars, AK rifles and a radio set were captured by the ANS. During the same period (August 2-3) two battalions of the Oddar Toes brigade were reported to have captured at least 46 soldiers of the KPRAF including two commanders.

For the time being, the civilian population of Green Hill will be staying at the safer "Camp David."

The latest issue of the Funcinpec [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] ANS bulletin claimed that from January 9 to June 1984, 136 enemy troops had been killed while the ANS lost 23 men. It said the ANS captured six Vietnamese soldiers while 73 Heng Samrin troops and nine Vietnamese soldiers defected to the ANS. According to the bulletin, a new ANS base has been established in the central region under the name of Chamca Kor. The latest KPNLF bulletin dated August 5 for the first time contains a long article on the activities of the Permico (the joint nationalist military committee) and describes a visit by KPNLF military authorities to the Sihanoukist bases of O'Smach and Tatum.

KPNLF chief-of-staff Gen Sak Sutsakhan was quoted by the bulletin as saying: "We must work to solve all the problems together, and liberate our beloved motherland together."

SRV PURCHASES RICE; RICE EXPORTS SET NEW RECORD

BK060235 Bangkok BANGKOK POST in English 6 Aug 84 p 18

[Text] Three leading rice exporters last week accepted orders from the Vietnamese Government for 70,000 tons of A-1 Super-grade broken rice, a trade source said. The rice, worth about 360 million baht, is scheduled to be shipped between this and next months. The Thai exporters are Hong Yia Seng Co, Capital Rice Co and Seng Thong Rice (1968) Co. These sales have caused the local price of this type of rice to soar from 180 baht to 300 baht a picul (60 kg).

Vietnam is reportedly looking for 100,000 tons of this type of Thai rice. Previously, that country bought Thai rice through brokers in Paris, but it was reported that Vietnam now wants to buy Thai rice directly without having to pay brokers commissions. This purchase is reportedly financed through a Japanese Government humanitarian aid programme.

Meanwhile, rice exports in the first seven months of this year set new record again, with 2,809,616.8 tons, up a massive 46.2 percent over the 1,921,713.32 tons exported during January-July 1983. About 1,672,514 tons were shipped by the private sector and the balance by the government. Last month alone, 448,956.86 tons were shipped out, 83.52 percent higher than 266,430.9 tons in July 1983. It is expected that not less than 400,000 tons of rice will be exported this month.

ARMED FORCES SUPPORT GEN ATHIT'S TERM EXTENSION

BK080259 Bangkok BANGKOK POST in English 8 Aug 84 pp 1, 3

[By Soemsuk Kasitpradit]

[Text] The armed forces support the extension of Gen Athit Kamlang-ek's term as supreme commander and army commander-in-chief, First Army Region Deputy Commander Maj-Gen Phichit Kunlawanit said yesterday. A proposal to extend Gen Athit's term will be sent to Prime Minister Prem Tinsulanon in his capacity as defense minister this month and would later be forwarded to the Cabinet for approval, he said.

Describing the extension of Gen Athit's tenure as a purely military matter, Maj-Gen Phichit said it would enable Gen Athit to continue working in the country's interest and promote its national security. "All the three Armed Forces support the extension of Gen Athit's term. Many military units have sent in requests for the extension and these will be forwarded to the defence minister for consideration," he said.

Maj-Gen Phichit said he believed that because the Prime Minister was a former military man he would understand the necessity of this extension and would give approval. "He is a sensible man and has strong military ties, he understands," Maj-Gen Phichit said. "Attempts have been made to turn him into a politician but to us he is still a military man."

Brushing aside criticism of the proposed extension, Maj-Gen Phichit said bluntly, "This is a family matter of the military and the military knows best." Gen Athit is due to retire in October next year. Had the proposal to extend Gen Athit's term been tabled at a later date it could have divided the military into factions, Maj-Gen Phichit said.

That was why a strong leader was needed to unify the Armed Forces, he said. "The move to extend his term was initiated only recently when political confusion erupted after the mass arrest of communist suspects, believed to have attempted to start underground activities in the city. From then on there were informal talks to extend Gen Athit's term," he said.

Maj-Gen Phichit said he and Army Deputy Chief-of-Staff Lt-Gen Chaowalit Yongchaiyut were asking other military leaders for their opinion on this matter.

Asked whether a coup might be staged under the prevailing circumstances, he said: "If the situation is normal, there is no need for the military to come out. But if confusion reigns, I don't know." He said he agreed with the reinstatement of the Young Turk officers dismissed from service following their involvement in the 1981 abortive coup. Gen Athit has already proposed the reinstatement.

Commenting on the arrest of well-known writer Sulak Siwalak, Maj-Gen Phichit said the police made the arrest without any pressure from the military. He said that although he knew Sulak personally, he did not think the writer's criticism of the monarchy was proper.

There were mixed reactions among prominent politicians yesterday over the possible extension of Gen Athit's tenure. The prime minister kept silent when asked by reporters to comment.

However Interior Minister Sitthi Chirarot, a retired general and a former permanent secretary for defence, voiced his opposition to such a move, arguing that serving the country until the age of 60 was long enough for a military man.

Deputy Defence Minister ACM [Air Chief Marshal] Phaniang Kantarat said the extension should be made "if there is a consensus that the continued service of one man could enhance our national security and the country's progress." He explained that Defence Ministry regulations permitted the extension of an officer's tenure when he was due for retirement. But many factors had to be considered before such an action was approved, he said.

Chairman of the House Committee for Military Affairs Lt-Gen Sanan Kachonprasat also opposed the idea, saying that Gen Athit could better serve the country through a wider role in politics after his retirement. "Gen Athit is a suitable leader of the Armed Forces, but he should serve the country through elections instead of limiting his role to the Armed Forces," said Col Sanan.

Surprisingly, Col Prachak Sawangchit, who has long been regarded as a rival to Gen Athit, recently spoke out in favour of the extension.

WEEKLY NEWS MAGAZINE ATHIT KHLET LAP BANNED

BK080315 Bangkok BANGKOK POST in English 8 Aug 84 p 1

[Text] The Police Department yesterday ordered the closure of the ATHIT KHLET LAP weekly political magazine for publishing articles detrimental to internal peace and order. The order was issued by Police Department Chief Pol Gen Narong Mahanon who is the Bangkok press officer. The order, which became effective yesterday, says the magazine's licence was revoked for articles published in its May 12-18 and July 7-13 issues featuring an interview with Central Committee members of the Communist Party of Thailand, and comments about the prime minister's Order 66/23.

PRC 'BORDER SABOTAGE' DENOUNCED BY ARMY PAPER

BK071038 Hanoi Domestic Service in Vietnamese 2300 GMT 5 Aug 84

[Text] The Army paper QUAN DOI NHAN DAN on 5 August carried an article by (Xan Trang) denouncing the Chinese reactionaries for their sabotage activities on the border. The article said that the Chinese have resorted to various tricks including ambushing, killing, and kidnapping Vietnamese cadres and people on the border. They gave out goods to persuade those who covet wealth to work for them, spread slanderous news to discredit our party and state policy, sowed division among our people of various nationalities and between the people and the Army, and made contacts with and planted their lackeys in various sectors. Most villainous of all, they set fire to forests to destroy paddy, corn, and other crops. They also stole our cattle and horses, thereby creating difficulties for production.

The Chinese reactionaries have now resorted to more dangerous acts to persistently carry out their multifaceted sabotage activities against Vietnam. They used opium and girls to bribe a number of our youths and young combatants and hired some local people to work as their scouts by taking advantage of their relatives in the area. It is very difficult to discover scouts who are of a minority group when they live among the people of their tribe, especially those who have friends or family in their group.

The Chinese reactionaries also assigned a number of young men and women -- most of whom, in reality, are Chinese public security personnel in disguise or are under the control of the Chinese public security force -- to the border areas to engage in production and make a ballyhoo about their happy life by creating artificially peaceful living conditions in areas adjacent to the Vietnamese territory to attract the Vietnamese people across the border.

Let our people and combatants at the border strive to heighten their vigilance and stand ready to foil all acts of sabotage by the Chinese reactionaries.

THAILAND'S LACK OF GOOD WILL DRAWS CRITICISM

OW080817 Hanoi VNA in English 0741 GMT 8 Aug 84

["Lao Paper Flays Thailand's Lack of Goodwill" -- VNA headline]

[Text] Hanoi VNA August 8 -- The Lao paper PASASON has exposed Thailand's treacherous scheme and stubborn attitude in the Lao-Thai negotiations for settlement of the Thai occupation of three Lao hamlets in Sayaboury Province.

In its August 6 commentary entitled "Better To Coexist Peacefully Than Confront One Another", the paper pointed out that the Thai side, lacking good-will in the first round of talks and being strongly condemned by the world people, has resorted to every trick in the hope of misleading the world public. It has used maps of no juridical value drawn by itself to legalize its occupation of the three Lao hamlets, PASASON added.

"The Thai side", the paper said, "has dodged the question of withdrawing its troops from the Lao territory, shirked its responsibility, and refused to recognize Laos's jurisdiction over the three hamlets so that they will be used as a sanctuary for Lao reactionaries in exile to serve the interests of the Beijing hegemonists and the imperialists. It has also revealed the warlike attitude of the Thai extreme rightists. "It is clear from Thailand's words and deeds that Thailand has utilized the negotiations as a shield to continue its occupation of the three Lao hamlets".

The paper brought out the Lao side's good-will in the negotiations and stressed that only when the problem is negotiated in good faith by both sides can it be settled in the interests of the two peoples. PASASON concluded: "If the Thai side really wants to solve the problem peacefully, it ought to acknowledge Laos's territorial integrity, withdraw all its troops from the three occupied hamlets, return all Lao citizens abducted by Thai troops, and pay compensations for the losses caused to the local Lao villagers. Only in this way can the Lao-Thai problem be speedily settled".

TROUNG CHIN PRESENTS AWARD TO VFF LEADERS

OW071540 Hanoi VNA in English 1501 GMT 7 Aug 84

[Text] Hanoi VNA August 7 -- President of the State Council Troung Chinh has signed a decision conferring the Independence Order, a high Vietnamese distinction, on members of the Central Committee of the Vietnam's Fatherland Front (VFF).

The Independence Order, First Class, was conferred on Tran Huu Duyet, former member of the Presidium of the V.F.F. C.C.; Phan Tu Nghia, member of the V.F.F. C.C. and standing member of the Central Committee of the Vietnam Socialist Party (VSP); Prof. Pham Huy Thong, member of the V.F.F.C.C. and vice chairman of the Commission for Social Sciences; Prof. Nguyen Tan Gi Trong, member of the Secretariat of the V.F.F. C.C.; and Prof. Nguyn Nhu Konitum, member of the C.F.F. Central Committee.

The Independence Order, Second Class, was awarded to Prof. Hoang Xuan Nhi, member of the V.F.F. Central Committee, and lawyer Do Xuan Sang, member of the V.F.F. C.C. and standing member of the Central Committee of the V.S.P.

The conferment ceremony was held recently by the Presidium of the Vietnam Fatherland Front Central Committee accredited by the State Council.

NHAN DAN ON DEVELOPING MARKETING COOPERATIVES

BK080542 Hanoi Domestic Service in Vietnamese 2300 GMT 5 Aug 84

[NHAN DAN 6 August editorial: "Implement the Resolution of the Party Central Committee's Sixth Plenum: Consolidate and Develop Marketing Cooperatives"]

[Text] Marketing cooperatives constitute an indispensable force in the system of socialist trade. They belong to a collective business organization that is built by the people and is designed to serve the people. It is the business aim of marketing cooperatives to grasp firmly the people's needs in consumption and to seek to understand fully the aspirations and feelings of the people as well as their production capabilities, especially those in the rural areas. That is why this trade organization is regarded as an effective helper of the state-run trade sector.

Faced with a situation in which the struggle between the two paths is taking place fiercely on the distribution and circulation front, the state-run trade sector needs strong, effective support from the collectively-run trade sector. In many localities throughout the country, marketing cooperatives are experiencing drastic changes for the better while they are joining with the state-run trade sector in controlling the market and prices, thus contributing to serving production and stabilizing the people's lives.

Apart from satisfactorily serving as agents in the purchase of agricultural products and foodstuffs and in the sale of consumer industry goods for the state-run trade sector, many marketing cooperatives have also taken the initiative in expanding their business correctly in the fields of exploiting sources of goods and carrying out purchasing, processing, and service support activities. They have ensured the delivery of goods to the hands of consumers in every hamlet, village, and street, and they have purchased the things these consumers want to sell.

Dynamism in business and the devotion to service are essential in linking marketing cooperatives with production and the people's lives and in winning the people's trust and support. In general, however, the quality and the operational method of marketing cooperatives have not been improved and renovated quickly and are not commensurate with their role in the national economy.

A number of marketing cooperatives, especially those in urban areas, have been able to fight effectively against the free market, but due to a failure to do their business in the right direction they have also let a number of private traders abuse the name of cooperatives to manipulate trading activities, thus adversely affecting market management. In certain localities, the scope of activities of marketing cooperatives is still very small and fragmented, their material and technical bases very poor, their trade volume insignificant, and the proportion of their goods circulated in the social market still low.

It is noteworthy that in the same locality or area, besides marketing cooperatives with good performance, a not small number of marketing cooperatives have operated at a loss only because there was a lack of assistance provided by the party committee echelons concerned and the local administrations in recruiting professional management cadres, in seeking more funds, and in obtaining a number of essential conditions. A number of localities have failed to promote a close cooperation between the state-run trade sector and the collectively-run trade sector due to the absence of an elaborate delineation of duties.

It is the business aim of marketing cooperatives to serve production and the local people's lives. It is most important that they know how to determine correctly the course of their business in order to serve the development of production, to stabilize gradually the laboring people's lives, and to actively help the state-run trade sector secure the sources of food provisions, including agricultural products and foodstuffs and all other important items under state control, while expanding their above-plan trading of those goods that are essential for production and life and involving themselves directly in the struggle against the free market so as to enable socialist trade to control the market quickly.

In the rural areas, the most important and direct duties of marketing cooperatives are to serve agricultural production and to develop the collective economy and families' economies by ensuring the supply of hand tools, draft cattle, fertilizer, construction materials, animal feed, and poultry for breeding; to offer themselves as agents to purchase agricultural products and foodstuffs and as retail agents to sell consumer industrial goods; to meet social demands, such as the needs of day care centers and kindergarten classes, and the services to be provided at weddings, funerals, crop harvests, and festivals; and to rally large amounts of manpower for building roads and carrying out farmland irrigation at project sites.

Only by relying on the basis of serving agricultural development and the growth of families' economies can marketing cooperatives enjoy conditions needed for satisfactorily performing their role as an effective helper for the state-run trade sector in the latter's efforts to concentrate the sources of food provisions, including agricultural products and foodstuffs, under state control.

In urban areas, marketing cooperatives must direct all their activities mainly toward serving cooperative members and the laboring people in every ward, village, and street and must refrain from engaging in long-distance business trips, from conducting business on the free market, and from involving themselves in competitive buying and selling as well as in illegal dealings aimed at pushing up prices and rigging the market.

Depending on the conditions and situation in each locality, marketing cooperatives can open more shops providing such services as tailoring, laundry, ironing, hair cuts, bicycle repairs, and household appliance repair. They can assist helpless families or families occupied with official business to do their buying and selling, and they can organize house repair teams and open more food and drink catering facilities in areas that are still in need of them.

In mountainous regions, apart from ensuring the supply of essential goods, marketing cooperatives must pay attention to supplying these regions with necessary items in accordance with the requirements of each ethnic minority group and with the health practices of the local people.

In order to ensure that marketing cooperatives can satisfactorily perform their assigned functions, we must first of all delineate the duties and organize the cooperation in a close, uniform, and permanent manner between the cooperative-run trade sector and the state-run trade sector in each village, city war, and street, and in each category of goods and services. Meanwhile, marketing cooperatives must quickly overcome such phenomena as conducting business like private organizations, which seeking nothing except profits, raise prices at will, run after the free market, and allow themselves to be manipulated by the free market.

The marketing cooperative sector must muster every capability of cooperative members and must mobilize additional funds, manpower, raw materials, and equipment to build more storehouses and shopping outlets, to equip themselves with more measuring and weighing instruments, and to strengthen the contingent of their selling cadres and personnel both quantitatively and qualitatively by constantly providing them with indoctrination to improve their revolutionary qualities and ethics and their skills in socialist trade and by promptly ridding them of all negative phenomena, such as corruption, illegal contacts, officialism, and misappropriating the property of the collective and the state.

In addition, along with enhancing the leadership of various party committee echelons and the local administration at all levels, various economic branches of the state must concern themselves with making studies to revise a number of tax and discounts in trade, and giving commissions to sales agents. This is to help marketing cooperatives obtain more favorable operating conditions so that they can become worthy of being members of an indispensable force in the system of socialist trade.

NHAN DAN EMPHASIZES DISTRICT-LEVEL BUILDING TASK

BK050723 Hanoi Domestic Service in Vietnamese 0000 GMT 2 Aug 84

[From the review of NHAN DAN for 2 August]

[Text] Today's NHAN DAN devotes much of the front page to the issue of intensifying district-level building, considering it a revolutionary task in the building of socialism in our country. It reports that the classification of economic, financial, and budgetary management has thus far been completed in 484 of the 489 precincts, districts, cities, and municipalities subordinate to the provincial government.

After 4 years of management classification in districts, many localities have actively surged forward to build an economic agroindustrial structure, and districts have gradually become a level of comprehensive planning with their own budgets that serve as a financial means to ensure fulfillment of socioeconomic tasks in districts.

CULTIVATION SESSION FOR SUMMER-FALL RICE REVIEWED

BK071455 Hanoi Domestic Service in Vietnamese 2300 GMT 6 Aug 84

[Text] The cultivation season for summer-fall rice is already over. To date, the Nam Bo provinces have planted this rice on 610,996 hectares, exceeding the planned norm by 1.8 percent. The provinces in the Mekong Delta alone have accounted for 540,333 hectares, exceeding their planned norm by 1.9 percent. Eight of these provinces have exceeded their planned norms by 3-10 percent. They are Ben Tre, Cuu Long, Dong Thap, Hau Giang, Long An, Tien Giang, Dong Nai, and Thuan Hai.

This year, summer-fall rice in the Nam Bo provinces has developed fairly satisfactorily. Thanks to the enormous expansion of the vegetation protection networks and the signing of contracts between the peasants and state vegetation protection teams for the protection of cropland, the area of rice affected by insects and blight has been smaller than last year. In this crop season, only 71,191 hectares of rice have been affected by insects and blight. However, prompt action has been taken to protect all these 71,191 hectares.

Some localities have begun to harvest early summer-fall rice. So far, some 45,783 hectares of this rice have been harvested in the entire region. The average yield of summer-fall rice attained by Tien Giang is nearly 4 metric tons per hectare -- the highest yield ever achieved by this province.

BRIEFS

DONG THAP RICE FARMING -- Hanoi VNA August 8 -- The districts in the Plane of Reeds area known for its marshy land in the Mekong River delta province of Dong Thap have planted 26,300 hectares of summer-autumn rice, accounting for 52 per cent of the province's rice acreage. Productive collectives in the area have contributed more than 440,000 workdays to move more than 870,000 cubic metres of earth to build 885 small-sized irrigation works. Thanks to good irrigation works, the summer-autumn rice area in Thap Muoi District has been expanded to 6,100 hectares, double last year. They have also practiced intensive planting methods including the sowing of new high-yield pest-resistant rice strains suited to aluminous soil. The province's agricultural material service has supplied the local peasants with thousands of tons of chemical fertilizers and the rice plants are growing well. [Text] [Hanoi VNA in English 0710 GMT 8 Aug 84 OW]

AUSTRALIAOFFICIALS DISCUSS CONTROVERSIES OVER U.S. BASES

Hayden Issues Warning

LD072018 Melbourne Overseas Service in English 1900 GMT 7 Aug 84

[Text] Australia has warned the United States that the role of its joint defense bases in Australia must not be changed to become part of a nuclear first-strike strategy. The warning was issued by the Australian Foreign Affairs Minister Mr Hayden at a press briefing in Geneva after his address to the United Nations Disarmament Conference. AUSTRALIAN ASSOCIATED PRESS says Mr Hayden made it clear that any such change by the Americans would result in his government taking tough action, perhaps even closing the bases.

The foreign affairs minister also made it clear that the Australian Government's attitude to the bases would change if there were ever a lack of genuine commitment and determination in achieving a nuclear test ban treaty. During his speech to the conference, Mr Hayden said Australia accepted the risk of having American bases because they were instruments for preserving peace and their presence made war less rather than more likely.

Hawke Says No Review Planned

BK081245 Melbourne Overseas Service in English 1230 GMT 8 Aug 84

[Text] The prime minister, Mr Hawke, says his government is not reviewing the question of United States bases on Australian soil. He made the statement in response to comments made by the minister for foreign affairs, Mr Hayden, during the United Nations Conference on Disarmament in Geneva.

Mr Hayden threatened to review the United States bases in Australia if Washington did not show a real commitment to nuclear disarmament. Mr Hawke has said that there will not be a review of the bases. He said the government's policy on the issue so far would continue.

Mr Hawke said that Mr Hayden's speech had been responding to a hypothetical situation and subsequently, Mr Hayden had contacted him and said that the United States had responded in a positive way to the Geneva speech. Mr Hawke said his government would push the necessity for positive action to move toward the reduction of nuclear armaments in all relevant international forums and in discussions with the United States.

The opposition spokesman for foreign affairs, Mr MacKellar, has said that Mr Hayden's statement in Geneva demonstrated his unprofessional approach to diplomacy. He said that the foreign minister's remarks seemed to have been made without prior approval from the labor government's cabinet.

Opposition Hits Hayden

BK080904 Melbourne Overseas Service in English 0830 GMT 8 Aug 84

[Text] The federal opposition has accused the foreign minister, Mr Hayden, of taking steps to further the estrangement of Australia and the United States. The leader of the National Party, Mr Sinclair, said he was concerned about Mr Hayden's statement to the United Nations Disarmament Conference in Geneva.

Mr Hayden threatened to review the presence of U.S. bases on Australian soil if Washington did not show a real commitment to nuclear disarmament. He told the conference that Australia was deeply apprehensive about the lack of progress after years of disarmament talks and had tabled technical proposals for verifying a nuclear test ban.

The National Party leader, Mr Sinclair, said Mr Hayden's statement showed the lack of consistency in Australia's Labor government. He said this was apparent because the foreign minister's statement occurred at the same time the prime minister, Mr Hawke, was talking to his New Zealand counterpart, Mr Lange, about preserving the ANZUS alliance.

After talking to Mr Lange at a meeting of international leaders in Papua New Guinea, Mr Hawke said the ANZUS alliance might have to be reappraised if New Zealand's new government maintained its nuclear policy. Under this policy, the New Zealand Government is banning visits by nuclear-powered or armed ships.

HAWKE, LANGE ON ANZUS, NUCLEAR-ARMED U.S. SHIPS

BK071405 Melbourne Overseas Service in English 1110 GMT 7 Aug 84

[From the "Australian Insight" program moderated by Sue McAlister]

[Text] Australia's prime minister, Mr Bob Hawke, is in Papua New Guinea on a 4-day visit. The main purpose has been to attend the gala opening of Papua New Guinea's new Parliament House and to take part in a regional meeting of Commonwealth heads of government. But, according to John Lombard in Port Moresby, Mr Hawke, who is leader of the Australian Labor Party, has also used the occasion to have his first talks with the recently elected New Zealand Labor prime minister, Mr David Lange.

[Begin Lombard recording] Mr Hawke and Mr Lange had one urgent matter to deal with -- and that is the future of the ANZUS agreement -- the defense alliance that links Australia, New Zealand, and the United States. Mr Lange and the New Zealand Labor Party came to office at last month's election on a platform that refuses to allow nuclear-armed ships access to New Zealand ports. That was similar to a position taken by the Australian Labor Party when it won office 18 months ago. But the difference is that the Australian Labor Party modified its stand in government while the New Zealand Labor Party is still insisting on maintaining its policy.

The Americans are not pleased and had made it clear to Mr Lange that they regard any refusal to allow United States warship access to New Zealand ports as a threat to the ANZUS alliance.

According to official sources, Mr Hawke and Mr Lange spent most of their 40 minutes together discussing the ANZUS issue. Mr Hawke is said to have outlined the Australian position and emphasized that it was an Australian view -- that he was not acting as an emissary for the United States. But the Australian view is that under the alliance, ANZUS partners must allow nuclear-armed or nuclear-powered ships to use their facilities. In passing, it should be noted that the United States has a firm policy of refusing to declare whether its ships are nuclear.

For his part, Mr Lange is said to have begged to differ with Mr Hawke's interpretation of the ANZUS alliance. But Mr Lange went further. He also said he put it to doubt the further of an ANZUS naval exercise which is scheduled to be held in New Zealand territorial waters early next year. It is thought that the Americans will be unlikely to participate if the New Zealand Labor government insists on maintaining its ban on nuclear ships using New Zealand's ports. Whether or not the exercise is canceled probably won't be decided until later this year.

Mr Lange has an appointment to meet the American secretary of state, Mr George Shultz, in Washington next month. Mr Hawke and Lange adjourned their meeting because they had another appointment. It was to watch Prince Charles, the heir to the British throne, formally open Papua New Guinea's new \$30 million [currency not further specified] Parliament House in Port Moresby. [end recording]

PAPUA NEW GUINEA

SOMARE OPENS COMMONWEALTH LEADERS MEETING

BK080712 Melbourne Overseas Service in English 0430 GMT 8 Aug 84

[Text] Papua New Guinea's prime minister, Mr Somare, has praised the New Zealand Government's stand in banning visit by nuclear ships. His comments followed a suggestion yesterday by his Australian counterpart, Mr Hawke, that the ANZUS defense alliance might need to be reappraised if the New Zealand policy were continued.

Mr Somare, speaking at the opening of a 1-day regional meeting of Asian and Pacific Commonwealth leaders in Port Moresby, said that Papua New Guinea had long advocated a nuclear-free zone in the Pacific. He said he believed that there was now a real opportunity to limit nuclear activity in the region. However, Mr Somare said, he did not wish to interfere in relations between Australia and New Zealand or in the ANZUS defense treaty which linked those countries with the United States.

The Australian prime minister has said ANZUS would need to be reappraised if New Zealand is not able to reach what Mr Hawke called a mutually acceptable accommodation with the United States.

REPATRIATION OF IRIAN JAYANS TO BEGIN THIS MONTH

BK071549 Jakarta Domestic Service in Indonesian 1500 GMT 7 Aug 84

[Text] Home Affairs Minister Suparjo Rustam and PNG Foreign Minister Rabbie Namaliu held talks in Port Moresby today on the repatriation of Indonesians of Irian Jaya origin staying in the PNG. According to the PNG Government, approximately 8,000 Irian Jayan people have crossed the border and entered PNG territory in the past 6 months. Namaliu said that basically there were no longer any problems regarding their repatriation, which will start in August.

Meanwhile, heads of Commonwealth countries were meeting at the new PNG Parliament Building. Home Affairs Minister Suparjo was scheduled to meet with Australian Prime Minister Bob Hawke in Port Moresby this evening.

MOKHTAR ON INTRA-ASEAN ECONOMIC COOPERATION

BK080429 Jakarta Domestic Service in Indonesian 0000 GMT 8 Aug 84

[Text] Foreign Minister Mokhtar Kusumaatmaja has considered that economic cooperation among the ASEAN member countries, such as the ASEAN fertilizer project in Aceh, is fairly successful. He said this in a televised statement last night.

He said the ASEAN members were determined to carry out joint economic cooperation envisaged in 1975. Most of the projects have been approved under such cooperation program, and several of them have been carried out, including the ASEAN fertilizer project. Besides, there are projects jointly financed by the ASEAN member countries in Malaysia, Thailand, the Philippines, and Singapore. The ASEAN member countries are also determined to preserve their respective national identity in accordance with the aspirations of their respective peoples.

According to Minister Mokhtar Kusumaatmaja, cooperation between ASEAN and Pacific countries following Indonesia's initiatives has successfully materialized with the convening of a meeting between the ASEAN and Pacific foreign ministers in Jakarta some time ago.

MERDEKA EDITORIAL COMMENTS ON 'ARAFAT VISIT'

BK080555 Jakarta MERDEKA in Indonesian 27 Jul 84 p 5

[Editorial: "Yasir 'Arafat in Jakarta"]

[Text] The chairman of the Palestine Liberation Organization, Yasir 'Arafat, arrived in Jakarta last Wednesday for a 24-hour visit. President Suharto welcomed the state guest with an assurance that Indonesia would within its power give political assistance to the Palestinian revolutionary struggle to achieve independence. The president hoped that the aspiration of the Palestinian people to create an independent and democratic country would be materialized provided the aspiration was based on unity of the people and under the slogan "Independence or death."

'Arafat's visit to some Southeast Asian countries, such as Indonesia, Malaysia, and Brunei, has demonstrated that the acceleration of diplomatic offensive has become a major task in the struggle of the Palestinian people. Within the context of this political struggle, various attitudes and perspectives of the Palestinian struggle can be conveyed to those countries which support the just struggle of the Palestinian people. This also implies that efforts are made to enhance the understanding of the international community on the aspiration of the Palestinian struggle during a period which emphasizes armed struggle.

Indonesia can give inspiration and encouragement to the struggle because we and other independence-loving nations are bound by a similar human aspiration, so what the Palestinian people are fighting for can be felt as our own struggle. This being the case, the language we are using in welcoming Yasir 'Arafat is similar to those in struggling to free themselves from discrimination, oppression, and colonialism. The slogans of our revolution, such as "Independence or death," "We love peace, but we love independence more," "United we are strong, divided we fall," are the classical mottos of the August 1945 revolution which can be applied to the struggle of the Palestinian people.

We can understand how heavy Yasir 'Arafat's duties are to lead the Palestinian people from refugee camps and holding centers in foreign countries to a genuine national homeland. The Palestinian diaspora, as composed in the Palestinian songs of suffering as well as revolutionary poems, is a special human inscription of this century in addition to those of the struggles of other peoples for liberation.

As President Suharto has said, Indonesia will within its power give assistance to the PLO. However, our strongest assistance is the hope that Palestine will one day be able to achieve independence and sovereignty and determine its own destiny. 'Arafat's roving diplomatic tour to various parts of the world is expected to strengthen international sympathy and support for what he has been fighting for together with his people.

Like the Indonesian revolution in 1945, the Palestinian revolution is also a national revolution. Various political dimensions and elements bound together by the main objective of achieving national independence emerge under this revolution. However, as in the case of a national revolution, it is not free from internal conflicts which evolve on tactics and methods to be used for realizing the struggle. The Palestinian revolution is not spared from such internal conflicts to which it has been undergoing with all the consequences. Such conflicts may lead to the dilemma which can torpedo and wreck the struggle itself if they are not checked and overcome with a firm commitment to the objective of the struggle and the mobilization of the people's strength in order to win the struggle.

'Arafat and his comrades have got many valuable tests and lessons. Even though the Palestinian revolution can not proceed without international solidarity, its success or failure will be determined undoubtedly by the Palestinian people itself. This being the case, the integrity of the people and unity between the Palestinian people and leaders in giving priority to the struggle over factional interests or personal ambitions constitute absolute conditions for the struggle of the Palestinian people to achieve victory.

With the leadership remaining in the hands of Yasir 'Arafat, this will strengthen confidence that efforts to renew the determination for the success of the Palestinian struggle in accordance with the best method under the present circumstances will yield results. Unity of the Palestinian people is the major asset and highest assurance to attain the objective of the revolution.

In this connection, we hope that what has been discussed by PLO Chairman Yasir 'Arafat with President Suharto in Jakarta will broaden the understanding of the Indonesian people about the strategy of the Palestinian struggle at the current state. It is appropriate if the political assistance given to the PLO by Indonesia will also cover possibilities conducive to making the political diplomacy actively launched by 'Arafat effective.

BRIEFS

PROBLEMS AT REFINERIES -- Jakarta, Aug 2 (AFP) -- An official of the Indonesian state oil company Pertamina has confirmed that two recently inaugurated refineries cannot operate normally because of technical problems. Press reports quoted Pertamina's coordinator for project management. Ismail Tabrani as saying that the hydro-cracking plant at Balikpapan, East Kalimantan, could not operate normally because the gear boxes of its three compressors were out of order, and one of its cylinders had cracked. The hydro-cracking plant at Dumai, Central Sumatra, had a damaged valve in the plant's compressor, Mr. Tabrani said. The Balikpapan refiner was inaugurated in November last year, the Dumai plant last February, and had a daily capacity of processing 60,000 and 260,000 barrels of crude oil. The reports said that Ingersohl Rand, the subcontractor at Balikpapan suspected deficient operational processes in starting the compressor, but according to Mr. Tabrani the damage had been caused by faulty design. [Text] [Hong Kong AFP in English 0739 GMT 2 Aug 84 BK]

VIRATA COMMENTS ON IMF LOAN DELAY, ECONOMY

HK071332 Manila BUSINESS DAY in English 7 Aug 84 p 2

[Text] Prime Minister Cesar Virata said yesterday that even if the current negotiations with the International Monetary Fund for a standby credit facility will not be completed in October, the Philippine economy "will not collapse." Being negotiated is a loan of 215 special drawing rights (SDRs, the IMF currently based on a select group of foreign currencies), equivalent to \$650 million. Approval of the credit facility acquires greater significance in that the country's 483 creditor-banks have said they will negotiate a rescheduling of Philippine debts totaling \$26 billion, after the IMF has given its loan. The IMF's grant of the loan will be considered an approval of the Philippine economic and financial setup.

Virata said last week that the IMF could be expected to approve the standby credit facility by October. He noted that negotiations were previously scheduled to be completed by June or July, but "external factors beyond the government's control have delayed them until October."

Yesterday he said that if negotiations with the IMF will not push through by October, the Philippine economy will not collapse. But he said the economy, consequently will encounter "more difficulties."

APPROACH. Virata, who is also the finance minister, said: "We are trying to negotiate first with the so-called advisory group of 12 banks that represent the 483 banks which have exposure to the proposed credit. After this, we will approach all the 483 foreign banks in different places in order to have an assessment of what their representatives have agreed with us."

Virata said that the government does not depend solely on foreign borrowings to improve the economy this year or in the coming years. He predicted that the availability of foreign exchange in 1985 would be much better than that of this year. "We believe we could collect more revenues in order to finance the expenditures of the government, mostly from trade transactions of business and personal income," he said. He noted that if the IMF grants the standby credit facility being asked by the Philippines, then "our factories will have more raw materials and we will have more goods."

Virata further said export-oriented industries that are doing well in the world market will continue to receive dollar allocations from the government. He said these included the food sector and the pulp and paper industry. On the other hand, the automotive and appliance industries will have to generate their own foreign exchange for importing their own raw materials or components, he said.

Virata also predicted a \$6-billion or 10 percent increase in exports next year.

BULLETIN TODAY VIEWS PROGRAMS FOR IMF, CREDITORS

HK071320 Manila BULLETIN TODAY in English 7 Aug 84 p 7

[Text] The Philippine Government will have to redo completely the financial and economic programs it submitted to the International Monetary Fund and foreign creditors in view of the substantial delay in timetable and the liquidity expansion caused by the bailout operations for Banco Filipino and other banks.

Sources close to Prime Minister Cesar Virata said that recent developments in the banking system have pushed back the expected approval by the IMF of the Philippine request for a \$650 million stand-by credit to October from August as originally expected.

Assuming that the IMF nod is given by October, the entire IMF program cannot be put into effect until November, the sources said. This would mean that the 18-month IMF program would cover the period from November 1984 to May 1986.

Assuming further that negotiations with the foreign creditor banks immediately follow the IMF approval of the Philippine stand-by credit, the banks may endorse the Philippine request for a restructuring of part of the country's external debt and for a new loan of \$1.65 billion by January 1985. Talks with the government creditors through the Paris Club for similar restructuring of about \$4 billion loan are also expected to follow IMF's action on the stand-by credit.

The sources said that the substantial delay incurred in the restructuring period could increase the amount of foreign debt that would need to be restructured and hike the amount of new money being sought from creditor banks to cover additional interest payments for the stretched-out period. If the restructuring and new money request is endorsed by the banks by January 1985, the sources said, it is possible that the government may have to include maturities up to 1987 in the restructuring package. The maturities to be restructured would, therefore, cover the period October 14, 1983 to Oct. 1987. The pumping out by the Central Bank of new money into the banking system during the last two weeks has pushed back the level of reserve money to more than P30 billion, negating earlier mopping up operations.

The sources said that this substantial rise in liquidity set aside the previous assumptions of the economic program submitted to the IMF to hold down inflation. Necessarily, it would have to be brought back to acceptable levels before talks of a new program could be resumed, they said.

BUSINESS DAY REVIEWS DEBTS, EXPORT EARNINGS

HK061313 Manila BUSINESS DAY in English 6 Aug 84 p 2

[By reporter Rigoberto D. Tiglao]

[Text] Despite the moratorium up to October on most principal repayments on foreign debts, the country's total payments on foreign loans and interest will eat up slightly more than half of the aggregate export earnings, International Monetary Fund (IMF) documents indicate. According to the documents made available to BUSINESS DAY, the country's debt service this year will amount to \$2.8 billion. This amount will be 52 percent of the \$5.4 billion both the IMF and the Philippine Government have projected will be the total value of exports for the year.

The export projection assures a 9 percent rise in value over the level last year, and a 6 percent drop in volume and a 15 percent increase in the export prices.

The IMF documents show the debt service will consist of \$400 million in principal repayments to the World Bank and the IMF, and \$2.4 billion in interest payments to foreign private banks and official institutions.

The recent rise in international interest rates will increase the country's debt service burden. The IMF estimates were based on a London interbank offered rate (LIBOR) of only 11 percent. Lately, the LIBOR rates have been going up. They were reported at 11.8 percent for the 90-day LIBOR and 12.2 percent for the 180-day LIBOR as of Aug. 2. According to CB estimates, an increase of one percentage point in international interest rates would raise interest payments by about \$160 million this year. A 12.2 percent LIBOR, for instance, would entail an additional \$180 million in the country's debt service burden.

AMORTIZATION. The \$2.8 billion needed for servicing the country's debt excludes about \$1.1 billion in amortization payments due this year for obligations to foreign private banks and official financial agencies. However, negotiations with the 12-bank Advisory Committee representing the country's 480 credit or banks for the rescheduling of these payments have been suspended until after the IMF has approved the country's request for a \$650-million standby facility. Furthermore, the government has not declared a general suspension of amortization payments to official agencies. It has adopted a case-to-case approach to payment or non-payment of official development assistance (ODA) loans (see July 16 story).

BUSINESS DAY sources close to the IMF said that because of the huge debt-service requirements, the IMF has insisted that only a true float of the peso -- which will further cut its exchange rate with the US dollar -- will enable the country to meet the required debt service this year.

The IMF missions that were sent here pointed out to the Central Bank that while CB policy of liberalizing the use of black-market dollars enabled industry to import essential raw materials, the policy also led to a smaller flow of dollars to the CB from exports and other services. Sources in the CB have estimated that as much as one-third of the dollar earnings of exporters and other recipients of foreign exchange have entered the banking system since the start of the year (see July 10 story).

The sources said the measures the government took in June, including the devaluation of the peso and the increase in the import tax, were a "roundabout" way of meeting the IMF recommendations. In response to the IMF recommendation that the peso be floated, President Marcos on June 5 announced that the peso would be floated. On June 6, the trading on foreign exchange at the Bankers Association of the Philippines' floor raised the exchange rate to P18-to-\$1. The new rate was established through what bankers described as a "token" \$500,000 transaction between two banks that were known to be close to the CB in carrying out monetary policies. Since there has been no trading since then, the peso has not but has been pegged to the P18-to-\$1 rate.

INCOME. According the IMF projections, earnings from services will amount to \$2.8 billion, bringing to \$8.2 billion the total foreign exchange income from goods and services. With the debt service to take up about 34 percent of this total amount, \$5.4 billion will remain to pay for imports and for services. The CB has estimated that imports this year will amount to \$6 billion, down 19 percent from the 63-4's level. Payments for services (such as for shipping and telecommunications) are projected at \$4.2 billion.

The IMF pointed out that what would make the Philippines' position difficult is that, unlike in past years when the country could rely on short-term borrowings to cover for the payments deficit, it can no longer do so now. The IMF estimated that the current account deficit this year will amount to \$1.5 billion. Including the arrears brought about by the moratorium, the country's balance-of-payments (BOP) deficit this year will amount to \$2.5 billion, a worsening from the \$2.1 billion last year. However, if the country succeeds in getting \$3.3 billion in new loans from foreign banks and multilateral institutions this year, and if the foreign banks agree to reschedule about \$1 billion in debt service due this year, the country will have a BOP surplus of about \$200 million.

VIRATA QUESTIONED ON INVESTMENTS ABROAD

HK071355 Manila BULLETIN TODAY in English 7 Aug 84 pp 1, 7

[By C. Valmoria, Jr.]

[Text] Prime Minister Cesar E.A. Virata said yesterday the government has no official knowledge about the huge investments of Filipinos abroad, particularly in the United States.

In yesterday's resumption of debate on the proposed P67.3 billion budget for 1985, Member of Parliament Rafael Recto (UNIDO, Batangas) said the U.S. Ambassador Stephen Bosworth mentioned that Filipino investments abroad amounted to some \$10 billion.

Virata said he had heard about these investments but said that government has not way of getting this information. Asked whether Bosworth was just guessing, Virata replied that the U.S. Government must have some information about Filipino investors but has not furnished the Philippine Government such information.

Recto said the Bosworth statement was made in a press conference of the National Press Club last Friday. Recto quoted Bosworth to have said that even if only \$5 billion were brought back to the Philippines, the Philippine Government may not have to borrow from the International Monetary Fund.

The prime minister lamented that the government has no information on access to secret deposits and Filipino corporations registered in the U.S. Virata expressed, however, that he has not read any report quoting specific investment figures or identifying any of these supposed Filipino investors in the U.S. Under the circumstances, he said it would be difficult for the Philippine Government to obtain any information from other sources considering the safeguards observed by the U.S. Government against possible violation of the confidentiality of bank deposits and similar private transactions.

Earlier, MP Neptali Gonzales noted that funds of certain government corporations or entities were not subject to audit by the Commission on Audit [COA]. Gonzales said this is a violation of the Constitution.

Virata admitted that some third-level subsidiaries of certain corporations were really not under COA jurisdiction. However, he said he had requested that the scope of COA's authority be defined by law so that the controversy can be resolved. Virata said he was in favor of having all government offices, and corporations and their subsidiaries be audited by COA.

Gonzales asked Virata whether the budget was prepared with the benefit of a COA report on government expenditures. Virata said the items on the budget were prepared in accordance with law and the statements made by the various ministries.

During the Virata-Gonzales debate, Defense Minister Juan Ponce Enrile clarified the \$900 million rental for the U.S. military bases. He said the amount had been divided into three parts: \$475 million as economic support fund which the government is using for economic projects under certain agreements; \$300 million under the foreign military sales contract for the acquisition of military equipment for five years; and \$125 million, also in the form of grant, which can only be used in the accordance with the appropriation act.

CENTRAL BANK'S PLANS ON DEBTOR DEPOSITS NOTED

HK071343 Manila BUSINESS DAY in English 7 Aug 84 p 2

[Text] The Central Bank is planning to require debtors in the country to deposit with the CB the peso equivalents of their foreign obligations as they fall due, as a means of siphoning off the excess liquidity in the financial system, sources in the CB said.

The sources also said the moratorium on foreign debt repayments since October has been one of the causes of the excess supply of funds in both the banking and corporation sectors. They said that, with the government's suspension of repayments on foreign debt, most of the borrowers of foreign funds have held on to the pesos they would have used to buy foreign exchange to pay off their obligations.

So far, under Operating Guidelines No 3 of CB Circular No 970, the CB policy has been merely to encourage the surrender of the peso equivalents by allowing borrowers to enter into forward exchange contracts for these obligations. The contract shields the debtors from future changes in the peso-dollar exchange rate by allowing them to buy dollars, for delivery at some future date, at the current exchange rate. The CB opened the facility for forward cover to banks in December. Since then, however, most borrowers of foreign funds, particularly corporations and government agencies, did not surrender the peso equivalents of their foreign obligations.

CB governor Jose B. Fernandez in his first quarter report on the economy noted that the balance-of-payments surplus for the quarter -- which arose mainly because maturing foreign obligations were not paid -- had generated excess liquidity in the system. He also noted that the CB had siphoned off the peso equivalents of only some of the maturing foreign obligations.

BUSINESS DAY sources said that if all debtors surrender the peso equivalents of their foreign debts, the contraction in liquidity will be drastic. Data of the International Monetary Fund (IMF) indicate that payments on foreign debt that will fall due this year will total \$1.1 billion, consisting of \$650 million in amortizations on medium- and long-term debts to international commercial banks and \$410 million due to official and multi-lateral financial agencies. At the official exchange rate of P18 to \$1, the full surrender of the peso equivalents will take P19.8 billion from the system, or more than half of the estimated money supply of P34 billion or P35 billion in the next two months.

CB sources said that the CB had collected peso equivalents amounting to about P5 billion to P6 billion as of the end of the first semester. However, the CB plans involve a surrender not of all the peso equivalents but only of a percentage of the maturing falling obligations. The sources said the objective is to mop up the excess liquidity to an extent tolerable to the financial system as a whole.

A major obstacle to the CB plans is that the bulk of the \$410 million (with a peso equivalent of P7.4 billion) in scheduled payments this year to foreign official and multilateral creditors are owned by the national government and government-owned corporations. A CB regulation requiring government corporations to deposit the peso equivalents of their foreign obligations would affect the cash positions of these corporations to such an extent that they would require either increases in their tariffs or in their budgetary allocations.

For instance, equivalent of National Power Corp.'s foreign debt payments this year would be equivalent to P2.6 billion. NPC officials recently were reported to have said that if the CB requires them to surrender this amount, they would either have to resort to further increases in power rates.

BUSINESS DAY also earlier reported that partly because of their foreign debt payments, Philippine National Bank, Development Bank of the Philippines, and Philippine Export and Foreign Loan Guarantee Corp. will register a combined cash deficit of P9 billion. This amount would have to be taken from the government budget. Such a big cash release from the budget would make it difficult for the government to comply with the IMF-recommended ceiling on the 1984 budget deficit at 1.5 percent of the gross national product.

BUSINESS DAY learned that the Monetary Board, just before former CB Governor Jaime C. Laya was assigned to the Education Ministry, had drafted three circulars and a presidential decree that would require government corporations to turn over the peso equivalents of their foreign obligations to the CB. For undetermined reasons, however, the circulars and the decree were not issued after CB Governor Jose B. Fernandez Jr. assumed office.

However, the sources in the CB said that in the past three months CB officials have been calling for new regulations because efforts of the CB to mop up excess liquidity have been reversed, mainly because of big government spendings during the first four months of the year and lately by the CB assistance extended to beleaguered banks. The sources explained that an increase in banks' reserve requirement is the last option the CB is considering, because of the CB staff's estimates that a number of the weak banks would not endure another rise in reserve requirement. If the CB raises the required reserve, these banks would need another round of CB assistance, which would defeat the liquidity-mopping intention of the measure.

BANKERS GIVE SCENARIOS ON BANKING MERGERS

HK071340 Manila BUSINESS DAY in English 7 Aug 84 p 2

[Text] Bankers have three scenarios on what government would do to "strengthen" the financial system -- all leading to mergers or consolidations of banks. What they foresee range from a subtle application of "moral suasion," to a move that would "force the issue" of mergers or consolidations of banks. Bankers interviewed by BUSINESS DAY said the government wants to strengthen the banking system before going all-out in meeting liquidity targets it promised to the International Monetary Fund. To most bankers, "strengthening" the system means having bigger banks by merging or consolidating the existing ones. They thus expect either of the following:

- Government to privately pressure banks to merge or consolidate, while publicly declaring that it guarantees the safety of all deposits in banks.
- Government to force banks to merge or consolidate through legislation. Laws could be amended to impose higher capital requirements on all types of banks.
- Government to nationalize all banks, so it can determine which banks should be merged or consolidated.

This third possibility is the most remote, bankers said, although they noted that Mexico has taken such a drastic measure.

Bankers said that all the ingredients that can force government to take any of these steps are already present. With most borrowers financially weak and banks cautious in lending the banking system is no longer performing its most important function: funding the economy's growth, some bankers said.

Also, bankers claimed that the banking system is in chaos, with interest rates reaching record highs and the fee-based incomes of banks almost nil. They said the CB has made an evaluation of the banking system's investments here and abroad, so that a possible government move to merge or consolidate banks will be easier to implement. "Strengthening" the banking system, as a government policy, was also recommended by the International Monetary Fund. Bankers said that the way to implement the policy will be government's decision. They added that CB Governor Jose B. Fernandez Jr. had told them that the process would be done slowly, probably in a span of several years.

In its past talks with the IMF, the government said a reduction in liquidity to the desired level could be done only when "domestic conditions permit." Government was referring to the nervousness about the financial system as a stumbling block to hitting the targeted reduction in liquidity. When banks suffered cash shortages because of CB measures to withdraw funds from the system, they needed huge advances and loans from the CB.

Bankers believe that government has only a small chance of getting an IMF standby line without first achieving the targets in liquidity. They noted that the IMF seems to be applying pure economic reasoning in dealing with the government, so that political considerations will not hasten the approval of the credit, they said. Unlike Mexico and other countries in Central and South America, the Philippines has less political significance to the American public, bankers said.

The United States controls majority of the votes in the IMF board. It was the U.S. Government that handled the rescue package to Mexico -- its next-door neighbor, bankers noted. The IMF is under no pressure to reach an early agreement with the Philippines, they said.

Bankers' anticipation of a protracted IMF-government negotiations is also premised on what they believe are government doubts on the merits of forcing a reduction in liquidity at the moment. They said the government appears to have changed its priority in monetary politices -- from trying to control the growth in liquidity, to saving troubled banks by ordering the CB to give cash assistance.

Bankers believe that even if drastic measures are to be taken to help the banking system endure a big cut in the system's liquidity, those measures can bear fruit only after some time. They thus expect the IMF approval of the credit line to come next year yet.

MARCOS APPROVES RELEASE OF FUNDS TO RURAL BANKS

HK071122 Manila Far East Broadcasting Company in Tagalog 1000 GMT 7 Aug 84

[Text] President Marcos has approved the release of 375 million pesos to rural banks and branches of the Philippine National Bank to pay back debts to farmers involved in the national livelihood program. The president made the move to add to the depleted funds of those banks so they would be able to assist farmers whose crops were lost in recent calamities. The president approved the release of the funds at the recommendation of Agriculture and Food Minister Salvador Escudero III. Escudero said that the main obstacle to food production was lack of funds.

President Marcos' release of the funds has made possible the payment of transportation charges for workers of the Agriculture Ministry. The funds will also keep up the supply of pesticides and fertilizers required by the farmers, which had originally been obtained through loans from the Asian Development Bank and the World Bank.

MILITARY CAPTURES RANKING FEMALE CPP OFFICIAL

HK080912 Quezon City Maharlika Broadcasting System in English 0700 GMT 8 Aug 84

[Text] The military today announced the capture of the highest ranking woman member of the Communist Party of the Philippines [CPP] and two of her close associates. The three CPP members were captured by constabulary intelligence officers during a raid at a [words indistinct] along Mayon Street, La Loma, in Quezon City. That report from correspondent Jun Francisco:

[Begin recording] Colonel Jesus (Altuna) Jr. PC-INP [Philippine Constabulary -- Integrated National Police] intelligence chief, in his report to PC-INP chief Lieutenant General Fidel Ramos, identified the suspects as Milagros Aguilar Roque, alias [words indistinct], a [word indistinct] member of the CPP Central Committee, (Linda) Nolasco and (Remy) Lolentino. Mila Roque is a member of the National Executive Committee of the CPP Central Committee. She also carries a 100,000 peso reward on her head, in the latest orders [words indistinct] released by the Ministry of National Defense.

Colonel Altuna said that at the time of her arrest Mila Roque was using as a [word indistinct] cover, the [words indistinct]. She was married to (Magtanggul) Roque, a Politburo member who was killed during an encounter with government troopers in June 1981 in Davao City. Nolasco, on the other hand, [words indistinct] is believed to be the head of the technical staff of the National Democratic Society. Tolentino, according to intelligence reports, is a member of the National Democratic Front. [end recording]

CONSTABULARY ON RELIGIOUS SECTOR INFILTRATION

HK071206 Quezon City Maharlika Broadcasting System in English 1100 GMT 7 Aug 84

[Text] The Constabulary today declassified intelligence reports concerning the extensive efforts of the Communist Party of the Philippines at infiltrating the religious sector. The report was prepared by the PC [Philippine Constabulary] Intelligence Division as part of its nationwide assessment of the prevailing peace-and-order situation. The PC report claims that it has enough documented evidence in its possession to show that the tentacles of the communist movement are infiltrating or influencing the religious community. To back up its claim, the PC says that among the more prominent religious personalities who have ties with the underground movement are renegade priest Conrado Balweg, Father Luis Jalandoni, and Father Edicio de la Torre.

MARCOS DISCUSSED SECTORAL REPRESENTATIVES

OW071207 Quezon City RPN Television Network in English 1100 GMT 7 Aug 84

[From the "Newswatch" program]

[Excerpt] There is a need for more recommendees for appointment as sectoral representatives in the regular Batasang Pambansa. The president stressed this point in an interview with newsmen at Malacanang. Under the election code the representatives from the youth, agricultural, and industrial sector or labor sectors shall be selected by the president from the nominees of the different sectors. The president explained to newsmen the need for more nominees for sectoral representatives.

MARCOS DECLASSIFIES INSURGENCY INFORMATION

HK080427 Quezon City Maharlika Broadcasting System in English 0400 GMT 8 Aug 84

[Text] President Marcos today declassified some information on the country's insurgency problem. The president expressed hope that this revelation will galvanize concerted efforts by the people and the government in facing up to the challenge. The chief executive spoke during today's 83d anniversary of the Philippine Constabulary [PC] and the 9th anniversary of the integration of the PC and the INP [Integrated National Police].

[Begin Marcos recording] From 1981 to the present, a span of only 3 and 1/2 years, there has been a pervasive increase and intensification, first in civilian and military casualties as a result of the insurgency; second, in sabotage operations by insurgents against public and private property; third, in encounters between insurgents and (?the armed) forces; fourth, in the number of front organizations to the communist insurgency; fifth, in the extent of infiltration of otherwise legitimate organizations; sixth, in fuelling the (?drug menace) by radical elements; seventh, in the flow of hands and arms into insurgent and subversive activities. [end recording]

DEFENSE MINISTER REJECTS GENERAL AMNESTY

HK071106 Manila Far East Broadcasting Company in Tagalog 1000 GMT 7 Aug 84

[Text] Defense Minister Juan Ponce Enrile says there will be no general amnesty. In a speech at the Batasang Pambansa, Enrile said that amnesty will be given only to deserving individuals whose cases have been thoroughly studied and found to deserve amnesty.

If general amnesty were granted, Enrile said, this would include all manner of criminals. He said most countries around the world did not grant general amnesty.

Asked about political prisoners, Enrile said that the Philippines does not have such prisoners.

AGRAVA DOUBTS REPORT READY BY END OF MONTH

HK071202 Quezon City Maharlika Broadcasting Company in English 1100 GMT 7 Aug 84

[Text] Chairman Corazon Agrava of the fact-finding broad investigating the AQUINO slaying says the five-member panel has begun preparing its findings. However Agrava says she doubts if the board could finish its report by the end of this month. So far, she says, the board members have already agreed on some noncontroversial facts on the Aquino killing. According to Mrs Agrava, the memoranda of some participating private lawyers are already in the hands of the panel and they are now going over them. Meantime, Dean Andres Narvaza, the board's general counsel, says the panel may recall from time to time some of the witnesses for clarifying questions. But at the moment, he says, the board has no list of witness who are scheduled to testify.

'LOST COMMAND' SAID LINKED TO AGUSAN TERROR

HK060205 Manila TIME JOURNAL in English 4 Aug 84 pp 1, 2

[Report by Marlen Ronquillo: "30 Murders, Rape Fan Land Feud"]

[Text] At least 30 killings and dozens of rape and manhandling cases are being linked directly by a coalition of concerned citizens to a protracted land dispute in Agusan del Sur. The dispute, which started in 1980, involves the NDC-Guthrie and small landowners. The NDC or National Development Corp. is a state-owned firm which Guthrie is a Malaysian-British company. The dispute has also displaced thousands of Manobo tribesmen who had been driven out of their ancestral lands to give way to the palm oil plantation of the corporation.

The concerned citizens' group said the killings had been blamed by the military on terrorists of the New People's Army. This is not true, said a spokesman of the group which claims to have documented the killings, rape and manhandling cases. The spokesman said that while they had given several interviews on the dispute with reporters and writers, not a word has so far appeared in any publication. As a result, the spokesman said, they are now planning to send a complete report on the abuses to human rights organizations overseas.

The group said the NDC-Guthrie started buying land for the plantation in two towns in 1980, after receiving authority to develop the area. Sensing strong opposition by the Manobos and Christian settlers in the area, the corporation hired remnants of the "Lost Command" to start a reign of terror, the concerned citizens' group claimed. The Lost Command is a ragtag band of army deserters fighting both the military and the dissidents.

"Several mysterious killings happened right after the strong opposition registered by the tribesmen and the settlers," said a doctor belonging to the citizens' group. "Women were raped and scores of people in the two towns manhandled." In May 1982, seven bodies were plowed out from a shallow grave inside the plantation by a bulldozer paving a plantation road, the group claimed.

The group also claimed the about 2,000 Manobos and Christian settlers were forced to sell their lands from P[pesos] 2,000 to P4,000 per hectare. Still hundreds have remained unpaid and their cases are now pending before the courts in Agusan.

Not all, however, have been cowed.

Datu Sangkuan, a brave Manobo, is leading four other tribal chiefs still resisting pressure from the corporation. He said through an interpreter that he and his fellow datus will die fighting for their right to remain in their ancestral lands. "If we leave our land, we die because there is nowhere to go," Sangkuan said. "It is better that we die here, fighting." Sangkuan and his fellow datus are in a land area in Prosperidad town covered by the corporation's land development authority.

The corporation has so far developed close to 8,000 hectares for the plantation and a mill. But Lourdes Cabasas, a Manobo descendant, said they will do all they can to prevent further expansion of the plantation.

The dispute has left its cruel marks in the place.

Military detachments could be found everywhere. Vehicles and people are rarely seen outside at night and even the progressive towns nearby are ghost towns as soon as dusk settles. People talk about the killings of their neighbors and friends in whispers. They hardly smile and food production is now at a standstill. "We don't know what the future holds for us," said one resident. "Tomorrow, we may finally be driven out of our lands."

ARMY CHIEF RAMAS COMMENTS ON USE OF FORCE

HK081146 Manila Far East Broadcasting Company in Tagalog 1000 GMT 8 Aug 84

[Text] Soldiers and other personnel of the Philippine Army will not use force unless required in extreme cases. This was stressed by Army Chief Josephus Ramas at a recent conference. Ramas said that the Army would employ all reasonable and friendly means instead of force when dealing with cases of rebellion or criminality. He also emphasized that he would not tolerate any abuses committed by personnel of the Army.

[Begin Ramas recording in English] I have ordered all commanders of the Army from division commanders down to brigades down to battalion Army company commanders to immediately investigate cases and to protect civilian witnesses against probable retaliation by military men if the charges are true. I have mandated and ordered them to try finish in a matter of 3 days and [words indistinct]. [end recording]

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